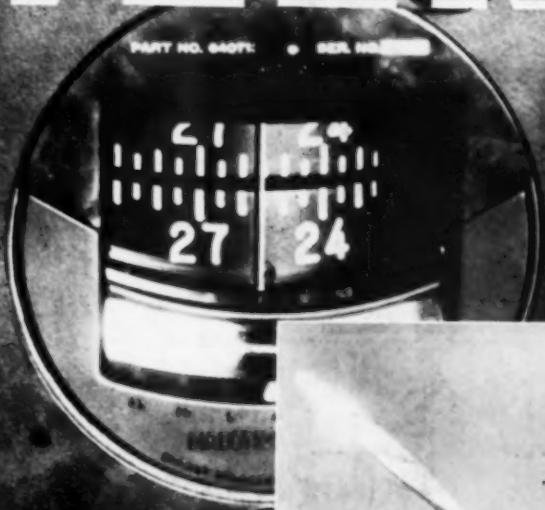
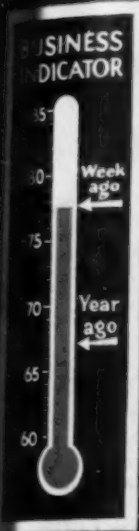


SEPT. 12

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# BUSINESS WEEK

SEP 15 1931



McGraw-Hill Publishing Company, Inc.

**ON VENTURE**

**VISIBILITY GOOD**—Aviation seeks new business ceilings as the National Air Races in Los Angeles add lift to the rise in prospects.

20 CENTS

**ON PUMP**

**ON ENG. BLOWER**

UNIVERSITY OF MICHIGAN  
GENERAL LIBRARY  
ANN ARBOR MICH



## A TALE OF TWO BRIDGES



● When the four 15 $\frac{3}{4}$ " cables that suspend the famous Brooklyn Bridge were swung from the supporting towers across the East River in the late sev-

enties, it marked a real triumph in the engineering world. Upson iron bolts and bolt ends were used to hold the supporting cables.

Today, on the other side of the continent, the Golden Gate Bridge is fast taking shape. Its span is more than two and one-half times as long as the main span of the Brooklyn Bridge. Its cables are 36 inches in diameter. But Upson bolts and nuts are again being used. This time to attach the

hold down cable bands to the main cables and to fasten various types of cable clamps.

Unlike those in the Brooklyn Bridge, these bolts are not merchant iron. Bridge designers, like engineers in every other industry, today demand the finest alloy steel where safety must not be compromised. They are two and one-half inches in diameter with lengths up to more than three feet. They are husky bolts with a serious duty ahead of them for many generations.

Upson, too, has a serious duty ahead—to supply industry with quality headed and threaded products of every kind—bolts, nuts, rivets, turnbuckles and special headed and threaded items. Standard products are available from most supply distributors. Special alloy items made only to specifications.

UPSON NUT DIVISION

Republic Steel  
CORPORATION

GENERAL OFFICES—CLEVELAND, OHIO



When writing Republic Steel Corporation for further information, please address Department RW.

BUSINESS WEEK

New

RAILROADS  
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SEPTEMBER

## New Business

RAILROADS are wondering whether the livestock hauling business is once more coming their way after steadily growing losses. For the last 3 months they have been getting back this kind of traffic at an encouraging rate, according to reports received from the country's 69 public stockyards. While in May 70% of all hogs reaching these yards arrived by truck, that percentage dropped to 69.8% in June and 67.3% in July. In March trucks delivered 62.8% of all calves but in June only 58.9% and in July only 57.3%. Cattle shipments by truck took the biggest tumble, from 61.2% in May to 60.9% in June and 55.6% in July. Truck shipments of sheep and lambs still show no definite trend.

THE Blackhawk Hotels Co., which operates hotels at St. Paul, Minn., and elsewhere, avoids unpleasant comments about higher prices in its dining rooms by placing on each table a neatly printed card showing typical increases in various kinds of food over last year. The notice states that all price increases average 19.43%, says that these have necessitated advances in selling prices and closes with the good selling phrase, "Will appreciate your fair consideration."

INTEREST in trailers has grown so rapidly this year that the National Automobile Show committee of New York has arranged to reserve a separate floor to exhibit them. Nine companies have already signified their intention to display their products, and others are yet to come. The show opens Nov. 11.

INTERNATIONAL BUSINESS MACHINES CORP. is going into home-building in a big way. Some 350 homes valued at \$2,000,000 are to be built for sale at cost to employees at Union, N. Y. Individually styled Colonial homes, chiefly of frame construction, having six rooms and attached garages have been approved by the Federal Housing Administration for insurance of mortgages averaging \$3,600 per house.

SOUNDING an alarm when the carbon-monoxide concentration from an airplane engine exceeds 0.02%—the danger mark—modified gas indicators have been developed by the Bureau of Standards in cooperation with the National Advisory Committee. The bureau has taken commercially available indicators



## Knee deep in trouble *When figures jam!*

Every hour of every day business depends on figures; they flow through every office, factory, and store in a never-ceasing stream. Figures are the very life blood of business. Ever since the first Monroe Adding-Calculator was made and sold twenty-four years ago, Monroe has played the major part in simplifying, speeding, and cutting the cost of producing accurate business figures.

Monroe offers 197 different models: calculators, adding-listing machines, bookkeeping machines, check writers and signers. Each Monroe is compact and desk-size, each one has the famous "Velvet Touch" keyboard that takes the strain from figuring. Back of every Monroe machine is a nation-wide figure service, rendered to every Monroe user through 150 Monroe-owned branches from coast to coast.



### NEW GROUP AND GRAND TOTAL ADDING-LISTING MACHINE

Duplex registers, one for group totals and sub-totals, and one for grand totals and sub-totals . . . automatic negative totals and sub-totals.

Try a "Velvet Touch" Monroe on your own figures. The nearest Monroe branch will arrange it without obligation. Write for free copy of booklet, "*If Only I Could Work On Your Desk For An Hour.*" Monroe Calculating Machine Co., Inc., Orange, New Jersey.

BUSINESS WEEK (with which is combined The Magazine of Business) September 12, 1936, No. 367. Published weekly by McGraw-Hill Publishing Company, Inc., 336 West 42nd St., New York, N. Y. James H. McGraw, Jr., Chairman; Malcolm Muir, President; James H. McGraw, Executive Chairman; Glenn Griswold, Vice-President and Editor; E. R. Putnam, Treasurer; D. C. McGraw, Secretary. \$5.00 per year in U. S. A., possessions, and Canada; \$7.50 per year in all other foreign countries; 20¢ per copy. Entered as second-class matter February 15, 1920, at the Post office at New York, N. Y., under the act of March 3, 1879. Printed in U. S. A. Copyright 1936 by McGraw-Hill Publishing Company, Inc.



# Are you waiting for that prosperity corner? ***MISTER - you're on it!***

**A**RE YOU waiting to let your competitors modernize first? *They'll undersell you when they do.*

Are you waiting for a continuation of earnings, so capital expenditures will be easy? *That's putting the cart before the horse. First spend wisely, then earnings follow.*

Are you waiting for labor to quiet down before you increase investment? *Modern tools such as W & S Turret Lathes help labor (AND YOU) earn more in shorter hours with less effort.*

Are you waiting for material prices to come down before your capital investment goes up? *Modern machines can increase profit in the face of mounting material costs, by increasing production and so cutting overhead, and by cutting scrap loss and reducing secondary operations.*

Don't wait too long — there's business to be had right now. Whether it's trading dollars or business at a profit depends largely on your equipment. We're prepared to prove how your profit on turning operations can be increased immediately by our equipment. Write

**WARNER & SWASEY**  
Turret Lathes  
Cleveland



*Make This the Turning Point to Increased Earnings*

and altered them so as to fit them for use on planes. The maximum amount of the gas in air which can be breathed without danger is 0.04% at ground level, but the percentage falls off with an increase in altitude.

MUNICIPALITIES, habitually scratching for revenues, frequently cast a disapproving eye on the interest they get on their bank deposits. Out in Milwaukee the rate paid by banks is 4%. Joseph L. Bednarek, assistant city attorney, is asking the state board of deposits to take up with the Wisconsin Banking Commission an increase to at least 4%, perhaps as much as 1%. Potential additions to annual revenues would be \$10,000 to \$30,000.

MAINE has been pretty sore for some time about the competition in live lobsters which comes from New Brunswick and Nova Scotia—in fact, there have been hints that New York housewives buy lobsters from foreign fisheries under the impression that the luscious



macrurous crustaceans are from Maine. Lobsters look a lot alike, it seems. The upshot is that Everett F. Gorton, secretary of the Maine Development Commission, has worked out a solution with Dorrance, Sullivan & Co., advertising counsel. Next year the Maine lobsters will carry a tag, certifying their point of origin and their untarnished genealogy.

"WE have found out that there is an almost inexhaustible market in the field of the coach passenger," says Carl R. Gray, president of the Union Pacific. "Before the low rates were put in, many of the passenger departments had given this class of travel up as lost to omnibuses. They were suffering from a defeatist psychology, but the situation is entirely changed now. The passenger departments have their teeth in something today and they are not going to let loose."

PURVEYORS of cosmetics for theatrical makeup can anticipate new demands with the advent of television. Most effective shades and tones have not yet been determined, but the British Broadcasting Co. in its experiments has found the following color combination will make at least some improvement on the countenance *an naturel*: light yellow for the





**PROTECTOID**  
*Transparent*

**PACKAGING MATERIAL**

*Packages Illustrated:* ★ Hair brush in rigid transparent container of Protectoid—Henry L. Hughes Company ★ Sleep Soft baby blanket in Protectoid window container—Marshall Field & Co., Inc., Manufacturing Division ★ Iris water bottle in Protectoid window container—Davol Rubber Co. ★ El Producto Cigars in Xmas wrap of Protectoid—G. H. P. Cigar Co., Inc. ★ Harvester Cigars in Xmas wrap of Protectoid—Consolidated Cigar Corp.

*Gives* **PACKAGES** *plate glass pulling power .. PLUS*

... plus permanent protection. In Protectoid, the Celluloid Corporation has produced a packaging material that offers greater transparency *plus absolute non-stretching, non-shrinking qualities* that cure many packaging ills.

Such grave faults as wrinkled, broken wrappings or warped, torn window cartons are automatically overcome—and with them, the needless expense and dealer dissatisfaction which they cause.

Protectoid is the latest achievement of Celluloid Corporation. Few realize that this concern discovered Celluloid over sixty-four years ago and still produces every ounce of this original plastic. Few stop to think that Celluloid and the related non-inflammable materials, such as Lumarith and Protectoid, reach the public today in over 25,000 different forms.

- IT DOES NOT SHRINK • IT DOES NOT STRETCH
- It is not affected by humidity changes • It is not affected by temperature changes • It is waterproof
- It is non-inflammable • It cements easily and permanently (actually a weld) • It does not dry out with age • It is germ-proof • It is grease-proof
- It has a perfect surface for multi-color printing.

Yet Protectoid is, perhaps, the most versatile of all. The ready applications of this lustrous, crystal-clear, pliable sheet range from transparent wraps and window containers to washable molded covers and even completely transparent rigid containers.

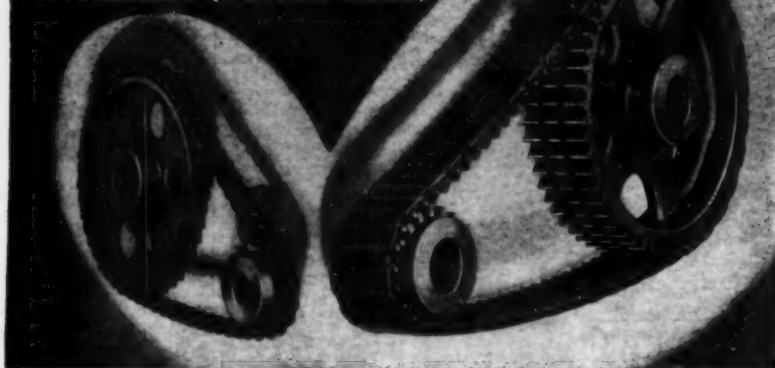
The field is wide open for ingenious, completely novel ideas that were never before practical. Protectoid is available down to the tissue-thinness of eighty-eight hundred-thousandths of an inch (.00088"), or as thick and rigid as desired. There are various formulas to meet special needs. Your request will bring a 16-page technical booklet suggesting many specific applications in the field of transparent packaging. **CELLULOID CORPORATION • 10 EAST 40th STREET • NEW YORK CITY**  
ESTABLISHED 1872  
Sole Producer of Celluloid, Lumarith and Protectoid. (Trademarks Reg. U.S. Pat. Off.)

IF YOU ARE WORKING ON A TRANSPARENT PACKAGE . . .

*Get in touch with*  
**CELLULOID**

# MORSE *Positive* DRIVES

*Knock out*  
**N.P.L. (NEEDLESS)  
POWER LOSS**



## CUT COSTS - INCREASE PROFITS

When transmission drives slip and waste power, production costs mount. When transmission drives wear and fray and stretch, maintenance costs climb.

Morse Positive Chain Drives banish power losses and high maintenance costs. Morse Positive Drives cannot slip. They are positive, certain and sure. They transmit power 98.6% efficiently day in and day out. MORSE POSITIVE DRIVES do not require expensive maintenance and repairs. Many Morse Drives have been on the job for 20, 25 and 30 years without any maintenance other than oiling.

Why not *knock* N. P. L. (Needless Power Loss) out of your plant? Replace your worn-out, horse-and-buggy drives with Morse Positive Chain Drives. Specify Morse Drives on new equipment you install to *decrease* your power and maintenance costs and *increase* your profits. Phone the Morse man in your territory for more information, or write to us here in Ithaca, today.

## TEETH—not tension—turn MORSE CHAIN DRIVES



It is hard to get a good grip on a smooth-faced wheel. It is nearly as difficult to get a good grip and turn a grooved wheel. But it is easy to grip a toothed sprocket. That is the sound principle behind Morse Chain Drives. Teeth, not tension, turn them. They cannot slip and waste power.

### WRITE FOR THIS BOOK

Send for this Morse Stock Book that illustrates and describes the Morse Silent and Roller Chains and Morse Flexible Couplings in stock for immediate delivery.

**MORSE CHAIN CO.**  
ITHACA NEW YORK  
DIVISION OF BORG WARNER CORP.



# MORSE *Positive* DRIVES

SILENT AND ROLLER CHAIN DRIVES • COUPLINGS • CLUTCHES

cheeks, green for the eyelids, black eyebrows, dark yellow nose, brown lips, and full red inside nostrils.

DROUGHT aid isn't being left entirely to governmental agencies. Banks in Oklahoma are pushing a program to make available seed loans to all farmers with good credit ratings. The money will be ready whenever rain makes it possible to prepare soil for seeding, according to Eugene P. Gum, executive secretary of the Oklahoma Bankers Association.

"ALWAYS Dry" is a new water-repellant which claims to make all sorts of textiles and leather impervious to water, dust, perspiration. It is reported that licensees are being sought among firms making a great number of personal and industrial items. Some of them are curtains, bedspreads, shower sheets, upholstery, sail cloth, motor boat coverings, clothes for men and women, and (you know) infants' wear.

COOPERATIVES don't like price cutting any more than do other dealers motivated by the orthodox profit motive. When an oil price war broke out in Tillamook, Ore., recently the farmers' co-op reduced its price to the wholesale cost level. When private operators started quoting below that, the co-op hung out a sign advising its 900 members to patronize the price cutter exclusively. The war came to an abrupt armistice.

AND now it is a medicine that may banish (or at least alleviate) the blues. Before a meeting of the American Psychological Association at Hanover, N. H., Dr. Abraham Myerson described the new drug which is called benzedrine and belongs to the adrenalin family. It is said that experimental doses have had encouraging results with persons contemplating suicide and upon the black state of mind which accompanies the conventional "morning after."

KING EDWARD'S coronation next year is already influencing styles in the United States. Such colors as crown gold, king purple, regal blue, and royal red will be vigorously promoted by shoe retailers. Colored shoes are getting a bigger break each year, anyway, but the coronation will give added impetus to brilliant hues.

ANOTHER success in the war on insect pests which plague farmers reopens a former avenue of agricultural prosperity in the Northwest. Sugar beet which are resistant to the white fly have been developed. As a result, Utah-Idaho Sugar is renovating and preparing to reopen this fall its two plants in Yakima Valley, Wash. These plants were dismantled several years ago when the white fly ruined beet production.

# Washington Bulletin

WASHINGTON (*Business Week Bureau*)—Business looks on with more than idle interest while Maine prepares to vote, studiously ponders what's ahead if we've gone only half way with Roosevelt. His spend-to-save note in last week's radio chat, intended as disarming reply to critics of extravagance, is ominous. Particularly so since he made no direct promise to balance budget at any figure, high or low.

Large spending will continue. Even Landon, wearing Coolidge's own shoes, would have difficulty checking it because of powerful desires beaten out by Roosevelt's constant hammering at theme of economic freedom and security in town and country. And there's no limit to program Roosevelt visualizes in conservation of natural resources.

## Courts No Bar

Court decisions are much more likely to dry up anticipated sources of revenue than knock down the purposes for which the money is needed. Example: The budget still includes in prospective receipts \$134,000,000 from Railroad Retirement Tax Act which went down in lower court and is almost certain to be counted out by Supreme Court. Court decrees don't dispose of Roosevelt programs, simply drive him to substitutes to satisfy the demands created.

## Pump Well-Primed

Only phase of the recovery program that is ending, only phase that Roosevelt is able definitely to shut down on, is industrial pump-priming, but spending is so widespread in other directions that it scarcely will be missed. While he is still permitting PWA to dole out small sums for municipal utility projects, heavy industries are discovering that government money spent in other directions is slowly raising the purchasing power of their normal outlets.

## Another Cash Leak?

Congress will demand continued relief appropriations, regardless of form which next year's program takes. Cash outlay for soil conservation is just getting under way and crop insurance is opening up new drain in demand of farm organizations that it be put on cash instead of "in kind" basis that Wallace proposes in order to tie it to his ever-normal-granary theory.

## Will He Let Go?

An indicator of Roosevelt's own appraisal of his future course will be revealed in decision whether to relinquish his emergency power, expiring

## AGENCIES OUT — AND IN

*To dissipate apprehension caused by continued expenditures for multiplying activities, Roosevelt will lay heavy stress later in campaign on his long-pending plans for government reorganization. Because some surgery is involved, the actual operation had to be deferred until after election. But, apart from introducing better administrative functioning and minor economies, net effect will be to incorporate many New Deal additions in permanent establishment.*

Jan. 30, to vary the gold content of the dollar.

## Course Indicator

Disposition made of the \$2,000,000,000 "exchange stabilization fund" derived from the profit on dollar devaluation in 1933 also will be a straw in the wind. Permitted to revert to the Treasury's general fund it becomes a potential addition to excess reserves offsetting the Federal Reserve's apparent disposition to keep the financial situation under control. Part of it may be needed to stabilize dollar exchange when France devalues the franc but theory that it will be sterilized for the account of the Social Security Board to carry the load in the next depression is favored by fatalists.

## Extension of Power

Extension of power, expiring Mar. 3, to use government obligations, instead of commercial paper, as backing for Federal Reserve notes will, it is reported, be recommended over the opposition of Senator Glass, watchdog of the Reserve.

## Rival Drought Plans

President's statement that long-term drought adjustment program will be worked out in accord with state governors and planning boards is reassuring. This is in line with Landon's views but report of Roose-

velt's drought area committee, previously cooked up in Washington, still leaves room for doubt. Making capital of the emergency, the Cooke-Tugwell-Hopkins contingent urges that "federal government extend its authority along lines of positive influence."

## Shift in Attack on TVA

Coalition of Tennessee Valley utility companies shifts its attack, drops one case in favor of another challenging legality of TVA, which is now busy at President's direction on plans for developing a grid system of transmission throughout Valley.

## Power Men Speak Up

Debate in World Power Conference on public ownership issue prompted by aggressive attitude of Maurice P. Davidson, Mayor LaGuardia's New York representative, evoked wildly applauded assertion from John C. Dalton, manager of County of London Electric Supply: "If we want to develop our industry to the advantage of our consumers and small investors, let us, for heaven's sake, keep the politicians out."

## Cable Rate Revision

Hearing before Federal Communications Commission week of Sept. 20 on revision of international cable and radio rates will determine instructions to be given delegates to October meeting in Warsaw of International Telegraph Committee, preparatory to international treaty conference at Cairo in 1938. American communication companies favor unified rate that would increase toll on code messages by 16%, cut rate on plain language by 30%—a net increase to large users.

## Ready for the Oceans

Transpacific and transatlantic air passenger service is assured. Pan American Airways will inaugurate weekly service from Oakland to Manila in 30 to 60 days. Imperial Airways is planning experimental transatlantic flights this fall and Pan American will soon be ready there, too. The British government has accepted conditions proposed by this government for operation on Atlantic route.

## No Drink Exchange

Washington had object lesson this week on stupidity of international trade barriers and exchange restrictions. German delegates to world power conference, because they could not buy drinks, hesitated to accept them from others. The reason was that exchange restrictions had limited their pocket money to pittance.



# Crane Materials

**FILL INDUSTRY'S EXPANDING NEED  
for Equipment of Quality**

Industry and construction are "tooling up" to meet today's pent-up demand for goods and tomorrow's promise of wider and more active markets. It takes equipment of quality to obtain the sustained economical production that is called for.

Crane valves, fittings, fabricated piping and plumbing and heating equipment are being used in greater and greater volume in industry and construction. The reason is simply that Crane materials have the quality and stamina required of highly efficient production equipment.

It is always better economy to buy on a cost-per-year basis. Since Crane valves, fittings, piping and plumbing and heating materials are manufactured wholly with a view to long, efficient, dependable service life, informed buyers are asserting their preference for them today.

The Crane line is complete. It meets industry's every piping need, including the demand for valves, fittings, and piping adequate for highest temperatures and pressures, as well as for the most ordinary daily requirements.

## CRANE

CRANE CO., GENERAL OFFICES: 836 S. MICHIGAN AVE.,  
CHICAGO, ILL. • NEW YORK: 23 W. 44TH STREET

*Branches and Sales Offices in One Hundred and Sixty Cities*

VALVES, FITTINGS, FABRICATED PIPE, PUMPS, HEATING AND  
PLUMBING MATERIAL



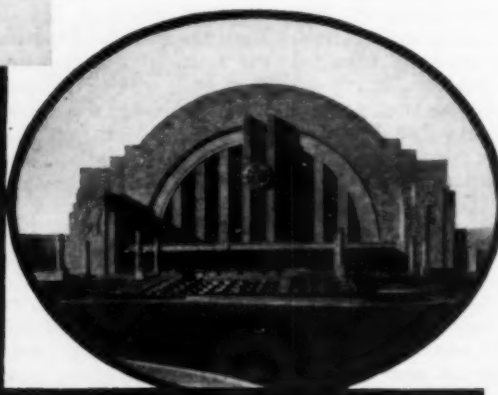
Crane materials were used in the new boiler installation by Buick Motor Company, Flint, Michigan.



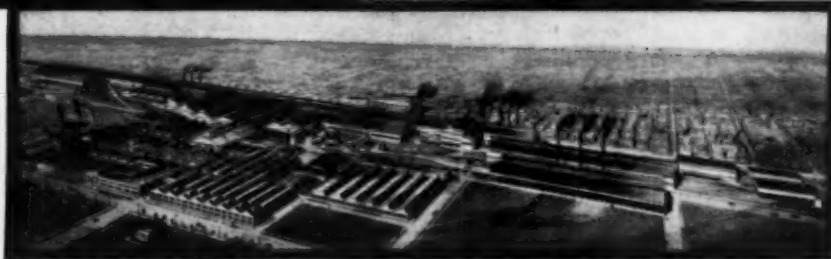
Crane materials are vital links in the processes of pharmaceutical manufacture in this new plant of Abbott Laboratories, North Chicago, Illinois.



The new Manteno State Hospital, Manteno, Illinois, where Crane sanitary equipment is an outstanding symbol of the institution's modern design and efficiency.

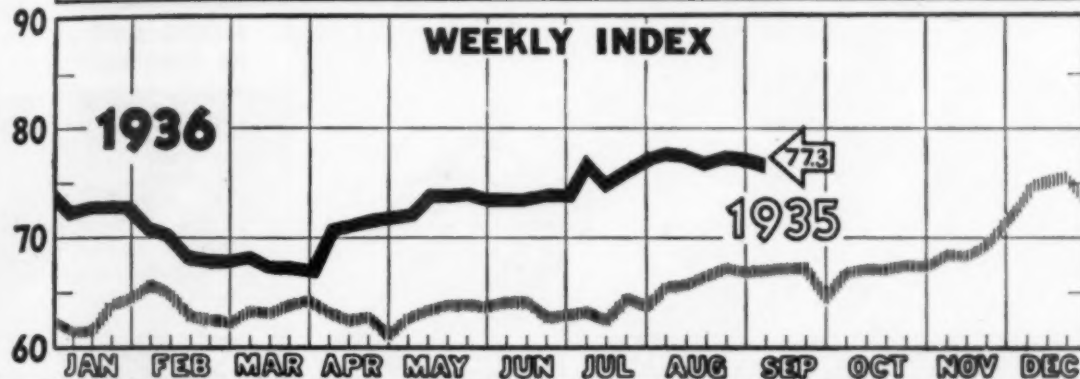
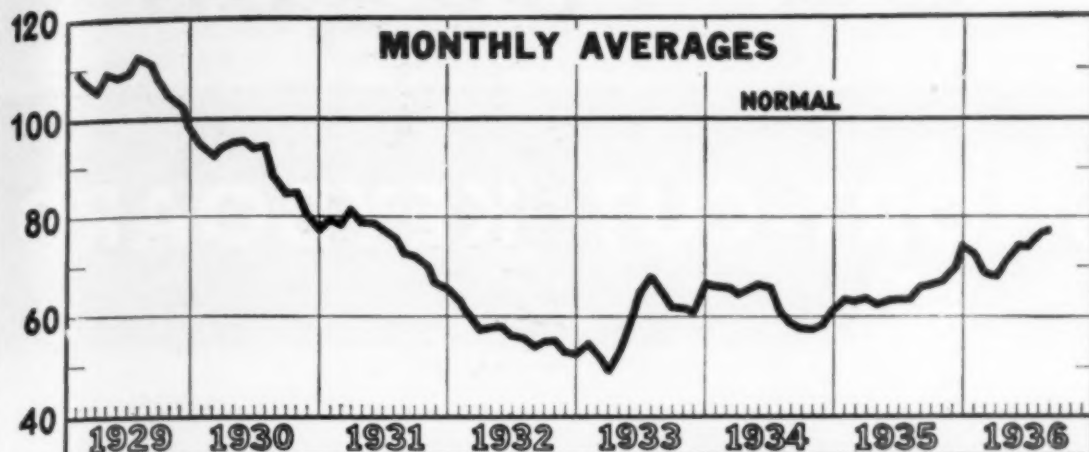


The new Cincinnati Union Terminal Building counts Crane valves, fittings, and plumbing fixtures among its essential operating equipment.



Crane steel valves, fittings, and pipe for power and heating lines and Crane plumbing fixtures are part of the equipment of this modern Timken Roller Bearing Company plant at Canton, Ohio.

# BUSINESS WEEK'S INDEX OF BUSINESS ACTIVITY



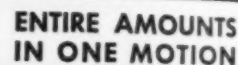
	Latest Week	Preceding Week	Month Ago	Year Ago	Average 1931-35
<b>BUSINESS WEEK INDEX . . . . .</b>	<b>*77.3</b>	<b>†77.7</b>	<b>78.0</b>	<b>67.0</b>	<b>63.0</b>
<b>PRODUCTION</b>					
* Steel Ingot Operation (% of capacity) . . . . .	68.2	71.5	70.0	49.7	31.5
* Building Contracts (F. W. Dodge, daily average in thousands, 4-wk. basis) . .	\$9,954	\$10,344	\$11,274	\$6,765	\$5,575
* Bituminous Coal (daily average, 1,000 tons) . . . . .	*1,317	*1,272	1,234	1,243	1,109
* Electric Power (million kw.-hr.) . . . . .	2,100	2,136	2,079	1,752	1,611
<b>TRADE</b>					
Total Carloadings (daily average, 1,000 cars) . . . . .	126	122	125	113	109
* Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars) . . . . .	78	77	76	69	69
* Check payments (outside N. Y. City, millions) . . . . .	\$4,052	\$3,577	\$4,288	\$3,394	\$3,011
* Money in Circulation (Wednesday series, millions) . . . . .	\$6,225	\$6,184	\$6,163	\$5,650	\$5,440
<b>PRICES (Average for the Week)</b>					
Wheat (No. 2, hard winter, Kansas City, bu.) . . . . .	\$1.19	\$1.20	\$1.22	\$1.12	\$0.79
Cotton (middling, New York, lb.) . . . . .	12.19¢	11.84¢	12.55¢	10.76¢	9.79¢
Iron and Steel (Steel composite, ton) . . . . .	\$34.10	\$34.03	\$33.82	\$32.79	\$30.95
Copper (electrolytic, Connecticut Valley basis, lb.) . . . . .	9.750¢	9.750¢	9.750¢	8.500¢	8.003¢
All Commodities (Fisher's Index, 1926 = 100) . . . . .	83.7	83.6	84.3	84.5	73.4
<b>FINANCE</b>					
Total Federal Reserve Credit Outstanding (Wednesday series, millions) . . . .	\$2,463	\$2,465	\$2,463	\$2,472	\$2,159
Total Loans and Investments, Fed. Res. rep't'g member banks (millions) . . .	\$22,263	\$22,264	\$22,345	\$19,908	\$19,400
* Commercial Loans, Federal Reserve reporting member banks (millions) . . .	\$5,277	\$5,251	\$5,167	\$4,801	\$5,822
Security Loans, Federal Reserve reporting member banks (millions) . . . . .	\$3,177	\$3,174	\$3,149	\$3,060	\$4,273
Brokers' Loans, Federal Reserve reporting member banks (millions) . . . . .	\$1,163	\$1,147	\$1,129	\$994	\$892
Stock Prices (average 100 stocks, Herald-Tribune) . . . . .	\$122.48	\$121.77	\$122.16	\$107.13	\$102.27
Bond Prices (Dow, Jones, average 40 bonds) . . . . .	\$104.49	\$104.13	\$103.83	\$96.55	\$92.15
Interest Rates—Call Loans (daily av'ge, renewal) N. Y. Stock Exchange . . .	1%	1%	1%	1%	1.1%
Interest Rates—Prime Commercial Paper (4-6 months) N. Y. City . . . . .	3/4%	3/4%	3/4%	3/4%	1.5%
Business Failures (Dun and Bradstreet, number) . . . . .	163	138	145	203	340

\* Factor in Business Week Index \*Preliminary †Revised.

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*Business Week*

# SHORT-CUT KEYBOARD



10.45

## NO CIPHERS TO WRITE

23.55  
5 Automatic  
Automatic  
13.2 Automatic  
24.8 Automatic  
12.5 Automatic

**Burroughs prints ciphers automatically. There is no danger of writing too many, or too few. This great saving in time and effort is a feature of the short-cut keyboard.**



# The Business Outlook

POST-HOLIDAY business news is good. Participants in the annual Labor Day spree taxed rail, boat, road, and air facilities, showing up accumulated shortages in equipment. Steel producers reported the best August since 1929. Residential construction broke through the \$100,000,000 mark—its highest peak for the month in seven years. Rainfall in drought areas has revived hopes of salvaging late crops, and reduced the number of emergency counties. Mail order houses are reporting record sales for August despite drought ravages, but heat together with the fact that there were fewer shopping days in the month cut margins over 1935 for other retail dry goods distributors.

## Cotton, Foreign Copper Up

Buyers rushed into markets upon release of the news of an unexpectedly reduced cotton crop, forcing up prices of both raw cotton and cotton cloth. Non-ferrous metal markets watched the rising trend of copper prices abroad with the same conflict of opinion that characterized the rise earlier this year. Big producers would like to see the market stabilized at current levels for a while and would prefer to step up production rather than feed any speculative fever among buyers. Yet a 10¢ price by the end of the year is common talk in the market.

## Zinc Up, Lead Moving

Lead buying has been in such excellent volume in the past two months, that a stronger price situation seems a foregone conclusion before many weeks pass. Stocks are declining, setting the stage for higher prices. Zinc prices were recently lifted, stimulating record breaking purchases before the new price became effective.

## Wind-up for '36 Cars

Motor makers are in the midst of preparations for changing over to the 1937 models, and Ford is the only large producer reported still working on 1936 cars. Assemblies this month are likely to be the low of the year, somewhere around 125,000. Then come three active production months which should account for a quarter of the year's output estimated at about 4,600,000.

## Ambitious Plans for '37

That 1937 spells no fear for Detroit may be deduced from the extensive plans made for increasing production facilities and for lavish promotion of next year's cars. Packard, already producing and shipping new models to dealers, is prepared to spend over \$5,000,000 in the next 12 months to double its plant capacity.

## SELF-SERVICE AT A. & P.

*The Great Atlantic & Pacific Tea Co.'s experiment with self-service stores in the Pittsburgh district will be eyed by other food distributors. Cutting of operating expenses through reducing labor costs is the obvious objective. If the Pittsburgh store proves a success, others are likely to be opened, heating up competition with similar stores of Piggly Wiggly and other chains.*

Studebaker, whose new cars are also ready, is planning a \$1,000,000 advertising campaign for its 1937 line, the largest campaign in its history. General Motors \$5,575,000 assembly plant to be built at Linden, N. J., has already been widely publicized. And De Soto's new \$5,000,000 plant is now nearing completion for fall operation.

## Looking Ahead to '38

The new 1937 cars are yet to be presented to the public, but manufacturers are already laying plans for the 1938 season. Equipment purchases are expected to be made earlier than ever, with Chrysler well up front among buyers. All steel tops featured in the 1937 cars, which have forced steel producers to roll sheets 77 inches in width, may require still wider sheets in 1938. Detroit talks in terms of 88 to 90 inch sheets now.

## Trucks Hit High

Motor sales have begun to decline, but manufacturers are not worried about having cars left over. July and August passenger car sales were the best for comparable months since 1929, while truck sales in July broke all records for the month. The seven-month truck figures similarly set a new high, surpassing even those recorded during the same period in 1929, the former peak year.

## Steel's Seven-Year Top

Steel production eased off during the Labor Day week, but there is small danger that activity will settle down for any winter siesta. August

tonnage, setting a new high for any month back to March, 1930, lifted the eight-month output 39% ahead of that for 1935. With motor tonnage sure to swell demand in the last quarter, and with railroad buying likely to expand substantially in view of current freight car requirements and the newly posted price increases, steel operations should easily touch the 80% of capacity mark. The year 1936 can now be set down as the best since 1929, as far as output is concerned.

## Rise Not Unexpected

The price increase in semi-finished steels and some finished steels initiated by Carnegie-Illinois just before Labor Day came sooner than expected. About a quarter of semi-finished steels are affected by the \$2-a-ton increase. Rising raw material prices, particularly on scrap steel, are blamed for the rise. Mills claim that current labor demands have nothing to do with the present increase, but these are not likely to be put off indefinitely. The industry will watch the Sept. 14 meeting of Carnegie-Illinois with employee representatives for a clue to future trends.

## Replenishing Rolling Stock

While freight car buying in August fell below recent months, purchases for the first eight months total 39,183 which is better than for any full year since 1930. In the first week of September, another 1,700 cars were added to the backlog. *Railway Age* reports 134 locomotives and 141 passenger cars purchased this year against 83 locomotives and 63 passenger cars in all 1935.

## As America Rehouses

Residential building last month overshadowed the rest of the construction picture. With a volume of \$100,522,500 contracted for in 37 states, home building took first place in importance in August, running 40% ahead of July and 148% ahead of a year ago. Part of the total represents federal housing projects which have been coming forth in considerable volume since the end of July. Also gaining in prominence are large scale home construction projects. Since March, *Engineering News-Record* has reported a total of such developments, including federal housing jobs, of more than \$53,000,000. No project valued at less than \$400,000 is included.

## Flying High

Air traffic has been setting new records this year. For the first time in the history of the industry, the number of passengers carried exceeded 100,000 in July.

# A 66 Per Cent Return On This Investment

THE Dalton-Powers Division of Remington Rand, Inc. is realizing this return on its investment in a General Electric controlled-atmosphere copper-brazing electric furnace. In brazing 600 different accounting-machine parts, this progressive Company finds a saving in raw materials, a reduction in rejects, and also an increased strength of parts which is reducing service costs in the field. The total saving from this installation paid for the furnace in 18 months.

General Electric sales engineers are helping hundreds of other alert manufacturers to achieve better production methods and to obtain savings in operating costs. Sometimes the improvement is effected, as in this case, with special methods and apparatus developed by G-E engineering and research. Sometimes it is by selecting the right electric equipment for particular conditions, or by co-ordinating all parts of the electric system so that they operate as an efficient unit. But always the first step toward increased profits is a search for more economical production.

Why not make an over-all inspection of your plant with an eye to improvements that might help you make more money? G-E sales engineers will be glad to co-operate with your organization or with consulting engineers in assisting you to obtain increased profits through the solution of electrical problems. Consult the nearest G-E sales office or write to General Electric, Schenectady, N. Y.

Dependability is difficult to include in specifications, but easy to get if you insist on General Electric equipment.

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SEPTEN

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## "Death Sentence" Test

**Both sides have arguments ready for case that may make or break Public Utility Act of 1935.**

THE crucial test of the Public Utility Act of 1935—the holding company law—gets hot next week. On Monday, Sept. 14, barring unforeseen delay, counsel for the Securities and Exchange Commission and for Electric Bond & Share Co. will file briefs in the commission's suit to force the \$550,000,000 utility and 21 associated companies to register under the holding company law. If everything runs off on schedule, arguments in the case will start during the first week of October.

This test has the green light on the main line. The road is clear right up to the Supreme Court and everything will go off at express train speed, or as nearly at express speed as serious litigation can attain.

For this is the government's "hand-picked" case. As such, it irks a lot of big utility systems. They contend that it isn't wholly representative and are trying to push their own tests of the law up to the high court first. But SEC lawyers already have demonstrated that they will use every legal stratagem to keep the others sidetracked for the Bond & Share Limited.

### All Cards on the Table

And unusual speed will be attained for another reason. SEC counsel has spent seven months, in collaboration with Bond & Share counsel, preparing a stipulation which constitutes an agreement between the parties on virtually every important fact upon which anyone may touch in the case. The utility system threw open its files and all avenues of information to the commission. Cards were on the table, face up. The resulting volumes—2,165 pages of give-and-take by both sides—are in the hands of the court.

Now, building upon the foundation of these accepted facts, it is just a question of what sort of briefs and arguments will be presented in New York federal court to District Judge Julian W. Mack (not to be confused with Judge John Mack, of Poughkeepsie, who nominated President Roosevelt at the last two Democratic conventions and conducted an 18-month probe of utilities in New York State). Upon these arguments, observers agree, will depend whether constitutionality is to be decided in a broad way or if another limited decision is to be rendered.

In the only test so far to reach the Supreme Court, that involving the American States Public Service Co., the law was considered only as it applied to that relatively small holding company seeking to reorganize (*BW*—Apr 4'36, p9). The industry was frankly disappointed, because that was the case in which the law, "death sentence" and all, had been called "unconstitutional in its entirety" by Judge William C. Coleman of the U. S. District Court in Baltimore.

### Set the Pattern

Yet that suit developed the pattern of the utilities' unconstitutionality arguments so fully that those in the know say that Bond & Share's counsel could hardly present a case that would be very different. There are reservations, of course: (1) Bond & Share is a big company, with all the customary ramifications, which implies that all the law's facets will be turned to the light; (2) the way SEC presents its case will govern in a considerable degree the utility's rejoinders.

Taking up the second point first,

what will SEC say? In the first place, the commission, as administrative agency for the holding company law, simply asked the court for an order to force the defendants to register. This plea involved only Sections 4 and 5, in which Congress set forth what companies were obliged to register and how it was all to be done. It would surprise all concerned if the government lawyers didn't insist that these sections, and these alone, are involved in this case.

### Want to Broaden Case

That will force Bond & Share to argue that Sections 4 and 5 are just the blackjacks in the situation, that the shooting starts after registration. In other words, it will say that registrants place themselves directly in the path of the death sentence's scythe and give up all the powers of management—all control over security issuance, payment of dividends, acquisitions, mergers, etc.—to the SEC. Further, the company will assert that it faces drastic penalties if it doesn't register, providing the law is upheld.

Conspicuous among the penalties attacked is that denying non-conforming holding companies the use of the mails. This drew particularly scathing comment in the Coleman decision last November. That ruling held that Congress had no right to deny citizens the use of the



**MORE THAN SPEECHES**—Delegates to the World Power Conference did more than listen to speeches this week. Americans and foreign experts alike gained in exchange of ideas, and in inspecting the advances of manufacturing and actual power distribution. This group is one which went to East Pittsburgh at the invitation of Westinghouse, and is shown inspecting micarta insulation. From left: James Kerfoot (Great Britain); S. Hayashi (Japan); Koyu Moriya (Japan); Dr. P. T. Thomas (United States); G. E. Hartz (Denmark); V. Faaborg-Anderson (Denmark); R. W. Ouxier (United States); M. August Serruys (Belgium).

*Business Week*



mails so long as no illegal use is made of them.

The SEC's other arguments, as indicated by the facts agreed to by the litigants, probably will center around the nature of the company's utility operations and its relationships with affiliates. Subsidiaries of holding companies in the Bond & Share groups transmit electric energy across state lines; some are incorporated in one of the states in which they operate, others elsewhere.

The company has consistently maintained that the holding companies in which the principal investments have been made achieved geographical diversification for economic reasons, instead of seeking the geographical integration demanded by the holding company law. Its subsidiary, Ebasco Services, Inc., has service contracts with operating companies which are said to involve a profit. The law demands mutualization of services or that they be provided at cost. These factors make for a broad test of the law, but, at the same time, they are expected to provide the SEC with its argument that the business is clearly interstate.

This subject of control is not settled in the findings of fact submitted to the court. This may mean that Bond & Share has its answers all ready for SEC's interstate operations charge. On the other hand, it may simply mean that the utility feels so much of the act is unconstitutional that these things may be conceded—that if a less drastic law were passed the company would agree that it is an interstate enterprise, subject to proper regulation, and submit to federal jurisdiction. Most of the public utility industry agrees that some form of federal regulation is inevitable, but refuses to swallow the "death sentence" without a last-ditch battle.

## No Muckraking

**A. T. & T. investigating staff is revamped by FCC to produce facts instead of headlines.**

WASHINGTON (*Business Week Bureau*)—Appointment of Carl I. Wheat, of Los Angeles, as associate counsel in the Federal Communication Commission's investigation into the A. T. & T. is interpreted in Washington as proof that the commission wants no repetition of last spring's muckraking tactics, when gambling house phones and "lobbying" tactics made headlines. From now on, the emphasis will be shifted to more prosaic matters such as depreciation allowances and service costs. At this sort of thing Mr. Wheat has won his spurs in a hard-fought investigation on the West Coast that resulted in rate reductions.

Rumors of a shake-up in the investigation staff were rife several weeks ago, only to be officially denied by the com-

mission. But careful analysis of this statement revealed that what was denied was not that personnel changes were ahead, but that they had received

official approval. Now, apparently, the changes are in process, but the process of infiltration is being used instead of a wholesale overturn.

## Fewer and Bigger Broadcasters

**That's the conclusion to which the first results of its radio allocation survey seem to be heading the Federal Communications Commission.**

THE usual routine of selling and filling time on the air was abruptly interrupted this week, while the radio industry focused its attention almost exclusively on the first published results of the allocation survey which the Federal Communications Commission undertook last year. The findings, reported "without drawing any conclusions or making any recommendations" will furnish a starting point for the long-awaited hearing on the reallocation of wave lengths and power assignments beginning Oct. 5.

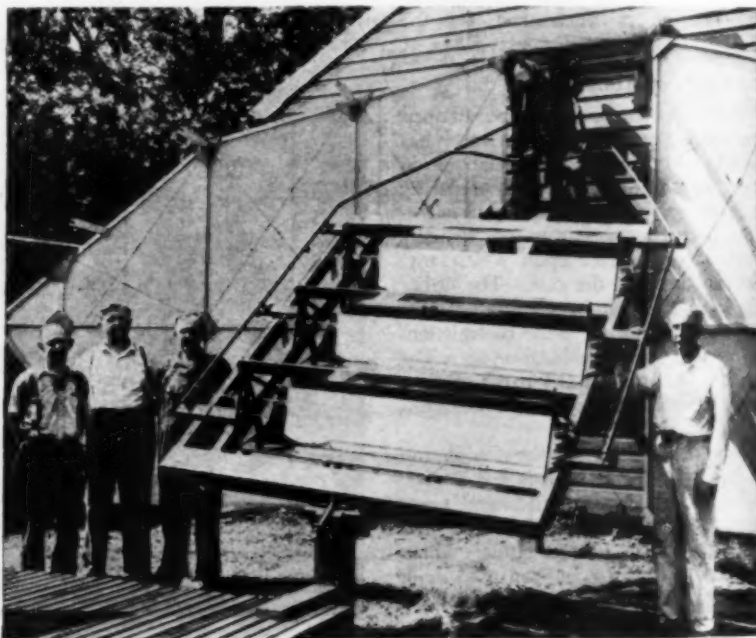
### Whole Field Affected

Although much of the technical data involving ground conductivity tests, fading observations, and field recordings will involve considerable analysis before their exact significance is clear even to station engineers, other findings—notably those resulting from a station popularity poll conducted among 32,671 rural listeners—carried inferences affecting the entire broadcasting structure.

Most vital of all was the apparent conclusion that fewer stations and stronger ones are needed to secure the better rural coverage which the reallocation procedure aims at. This means that superpower is definitely in the picture, that clear-channel stations (those that have a wave-length all to themselves) are likely to get every possible break at the hands of the FCC. The little 100-wattors and even some stronger stations are in jeopardy of losing their air rights and the property interests built around them unless they can establish reason, in terms of the public interest, convenience, and necessity, to justify their existence.

Of the listeners polled, 76.3% preferred to listen to a clear-channel station (95 different ones were mentioned), 20.6% preferred one of 277 regional channel stations, 2.1% voted for one of 256 local stations, and 1% for foreign stations.

It was also strongly apparent that this division of preferences was dictated not



**ONE-HALF HORSEPOWER FROM THE SUN**—And it's all done with mirror—three of them that catch the sun's rays and concentrate them on the tubes containing a chemical compound. This liquid, heated to 400 degrees Fahrenheit, circulates up and down the pipes at either side of the mirrors and through the water boiler at the top where sufficient steam is generated to turn a ½-hp. engine. Dr. C. C. Abbot (right) and L. A. Fillmen, R. H. Clagett, and L. B. Clark (left to right) demonstrated the machine before delegates to the World Power Conference in Washington this week.



International Photos

**PRINTERS POINT WITH PRIDE**—Progress of the printing arts will be displayed for 72 cities in a 16,000-mi. swing around the country, beginning Sept. 12. The Printers Progress Special will spend a hundred days on the road before it returns to American Type Founders, Elizabeth, N. J., which is in charge of the show. Twenty-four manufacturers have cooperated in setting up exhibits which tell the story of printing from start to finish, embellished with entertainment from loudspeakers, movies, electric light displays, telegraph, and telephone. Below—a final inspection is given by Frank E. McAvoy (left), electrical engineer; and S. W. Pierce, director of the illustrated talks and demonstration of printing machinery given on the tour.



## Trucks Are Going Over the Top

**Commercial car makers now confident of that 600,000, which is better than 1929, previous record year. Independents have been getting bigger share.**

EARLY predictions that 1936 would yield a bumper crop of commercial car and truck sales are about to be fulfilled. In the first seven months 384,181 units were sold, leaving 215,819 units to be delivered at retail in the final five months if the industry is to attain its goal of 600,000 for the year. That seems to be easy, since 205,377 units were sold during the August-December period a year ago. That the industry is destined to far outstrip any previous sales efforts is shown by the fact that in 1929, heretofore the record year, total sales were 527,057 units.

Already truck sales executives are talking about a big year in 1937. They are rather vague when it comes to specific predictions, but are pretty sure that their prosperity will be extended through another year. Their confidence flows from three factors—a well-grounded and natural recovery in business, widening use of their products, and the fact that two of their best markets, farmers and building contractors, are well on their way toward better times. Government buying has been far less influential than in 1935; and government spending has accounted for a smaller percentage of total truck sales.

Most pleasing part of the truck sales performance is that it is far less affected by seasonal influences than passenger car sales. Retail demand during April, May, June and July fluctuated only 8,104 units, measuring the high against the low figures. And the last half of the year should be just as good as the first half, provided that dealers don't run short of cars. That is the chief worry of more than one company—that its re-

tailers will be caught without adequate stocks before 1937 models are on the market.

As they did last year, most truck manufacturers will wait until January to make their formal announcements of new lines, although a few probably will "jump the gun." Further improvements in truck performance, economy of operation, ease of driving, and appearance are looked for. Sensing an increased call for smart-looking retail delivery trucks, Ford already has announced de luxe equipment at small extra cost for its V-8 commercial cars and trucks. It is stressing the advertising value of such equipment.

### One Direction for All—Up

There is scarcely a truck maker which has not bettered last year's record. The Big Four (Chevrolet, Ford, Dodge, and International), however, have lost ground to independents; they have secured 89% of the industry's business this year, as against 92% in the January-July period of 1935. General Motors Truck has made a sweeping sales gain of 156%, Mack is up 118%. Studebaker has sold more trucks than ever before in its history; Diamond T has been shattering all records. A relative newcomer in the commercial car field, Terraplane, increased sales 142% in the first half of the year, compared with the same period of last year. The White-Indiana gain is 109%, that of Federal Truck 50%. Autocar has upped its business 60%.

Among the Big Four, Chevrolet has corralled 34% of the industry's total, Ford 29%. Dodge boasts a sales total

so much by the superior pulling power of programs aired by clear-channel stations, but because they "came in" better. In virtually every area in which clear-channel stations fell below their national average, the listening habits could be clearly explained in terms of the superior physical service rendered by some station of lower power and lower frequency. The apparent superiority of the lower frequencies is also of considerable import.

Most amazing of all was the performance record turned in by WLW, Cincinnati, clearly identified in the report because it is the only station in the nation with 500 kilowatts power. WLW was first choice of listeners in 13 states ranging from Michigan to Florida and Virginia to Arkansas. It was second choice in six other states, including Texas.

### Sizeable Depression Gain

Radio set manufacturers found in the report considerable reason to crow over the sales record they rolled up in the depth of the depression, for 50% of all sets were bought between 1932 and March of 1935 when the survey was undertaken.

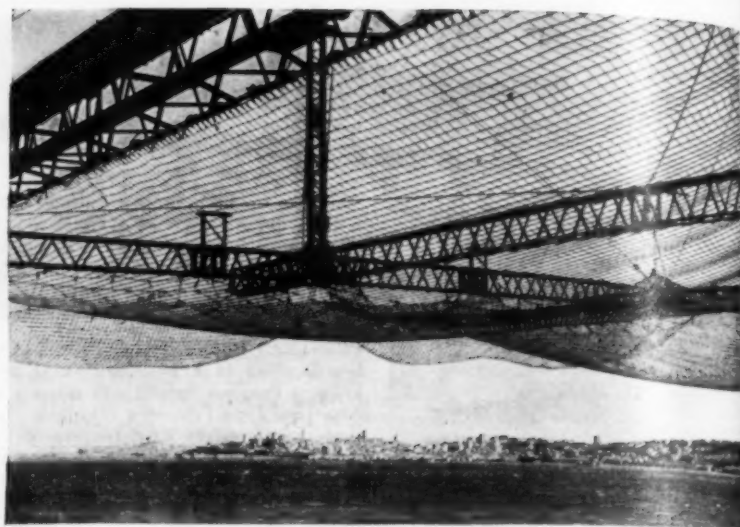
Notable also was the fact that FCC found that listening habits supported with fair uniformity the field strength standards which had been established earlier to delineate primary service areas.

52% higher than last year. Retail deliveries by International have advanced 40%. Reo Motor Car Co., long prominent in both truck and passenger car manufacturing, hereafter will concentrate exclusively on production of commercial vehicles. Says President D. E. Bates, "We feel the day has passed when trucks and buses can be considered as sidelines. The truck and bus and trailer engineer has nothing more to learn from the passenger car." Reo will improve its service facilities, round out its line of commercial vehicles by introducing new models and "by a series of further important engineering improvements to be announced later."

### Single Units, Fleets Increase

Despite the drought, truck sales to farmers have held up to 25%-30% of the total (farmers operate 26% of all trucks), thus returning to the pre-depression level. While sales have suffered in a few hard-hit areas, they have been offset in other districts where farmers have secured higher prices for crops. Commercial haulers still are a major factor in truck buying. Fleet operators have been purchasing in larger numbers. Construction work is requiring more trucks. The small retail merchant has been loosening his purse-strings.

Heavy-duty trucks are drawing more business, but have not made headway in recapturing a larger portion of the industry's market. Most of the success of truck makers identified with the heavy-



**WHY DIDN'T I THINK OF THAT?**—Many a contractor who has faced the tragedy and expense of death on high steel jobs is watching to see if the Golden Gate Bridge safety net works. Chief Engineer J. B. Strauss worked out the idea, which may mean a big saving in insurance alone, on the immense San Francisco project. The 50 x 110 ft. net is movable, traveling along beneath the sky-workers as the job proceeds.

duty field has come from introduction of vehicles of smaller capacity to complement their bigger units.

Makers of special commercial bodies again are in a prosperous era. Some of them have so much business they are enlarging productive capacity. One of the largest truck manufacturers estimates that independent body companies furnish bodies for 60% of its vehicles.

absorb similar state units, of which several now exist.

And the whole simmering stew was stirred a bit by a local situation which has arisen in California. There the unit bankers are clearly aware of the problem as they watch the growth of the Bank of America, which now extends into four states. (A lot of San Francisco's A.B.A. visitors probably will take a first-hand peek at the Giannini set-up while they're on the Coast.)

A Bank of America man, vice-president Howard Whipple, was elected head of the California Bankers Association last May. That precipitated a touchy situation, because Andrew Miller, secretary of the association since 1931, was regarded as a unit bank advocate. So it was no surprise when Mr. Miller resigned a short time ago, but it served to heap coal on the fire. The complexion of the successor to be chosen now is a topic of interested conversation.

If the unit-branch fight doesn't come out into the open, the convention stands to be a quiet one. All but a couple of the speakers who are to address the formal sessions are non-bankers. And there won't be any such battle as the Orval W. Adams-E. G. Bennett set-to over the second vice-presidency which marked last year's session.

It looks now as though there was a determined Philip A. Benson-for-vice-president boom. That second vice-presidency is important for it is in the line of succession which, in the normal course of events, leads to the presidency. Mr. Benson is a Brooklyn savings banker.

Scheduled to succeed Robert V. Fleming as president when officers are elected on Sept. 23 is round-faced, baldish Tom K. Smith, president of the Boatmen's National Bank of St. Louis.

## Unit vs. Branch Banking—Again

**Old issue may not get on floor American Bankers Association but it's still knocking on the door.**

ENDOWED with a tenacity that puts to shame the cat's nine lives, that perennial argument of independent versus branch banking is bobbing up again. It probably won't actually get onto the floor as the American Bankers Association convention swings into action in San Francisco Sept. 21. Yet it seems certain that corridors and committee rooms in the St. Francis Hotel will buzz with the revived and growing clamor for a showdown.

It was just 10 years ago—and the scene, coincidentally, was San Francisco—that branch banking kicked up probably the biggest rumpus that has ever harassed an A.B.A. convention. It was supposed to have been settled at Cleveland in 1930, when the bankers assembled to approve city-wide branch banking in urban areas, county-wide in rural communities. But it refuses to stay dead.

Now, however, the unit bankers are becoming restive. A few voices have been raised in the demand that A.B.A. come out, once and for all, and let it be known whether it represents the

branch people or the independents. And there is much agitation for the individualists either to form their own association or to set up a division of independent banks inside A.B.A., just as the savings bankers have built up their own division.

Most of the dissidents—including those who are most vociferous—hesitate to break with the established association; they feel that the branch bankers, who would then take over A.B.A., would benefit from the prestige the organization has gathered.

### National Organization Talked

Straws were tossed into the wind in St. Paul last week. The Independent Bankers Association, formed when big systems were blooming in the Northwest in 1929, held its seventh annual convention. There was a lot of straight talk, although no definite course of action was charted. There was even consideration given to expanding that independent association, which still is largely regional, into a national organization which would



# Milk Spills into Politics

Farmers, distributors and government officials are again embroiled in New York where the milk control law seems to be fading out.

WHEN Le Roy A. Von Bomel, president of the Sheffield Farms Co., top-notch New York distributing unit in the National Dairy setup, this week observed that "milk is rapidly becoming another political football," there were those who were prepared to award Mr. Von Bomel the year's prize for understatement.

Among those to whom such action might have seemed in order were the following:

(1) New York's grave Governor, Herbert Lehman, whose judicious temperament was sorely taxed by the conflicting interests of dairyman, big distributor, little distributor, and consumer, and whose vaunted popularity was seriously threatened by talk of a milk strike that might have nationwide repercussions—at the milk depots and grocery counters as well as at the voting polls.

## Pisecks Unappeased

(2) The vociferous Piseck brothers, Stanley and Felix, whose hard-boiled tactics had already won an increase in milk prices (from \$2.45 to \$2.87 a hundredweight) for 50,000 farmers in the world's greatest milk-producing area and who are determined to jack that price to the \$3.00 level, regardless of all opposition.

(3) Alexander Eisenberg and other small distributors in New York City, world's greatest milk market, who refused to follow the lead of National Dairy, Borden's, Dairymen's League, Renken, and others in the price boost of 1¢ a quart which the big dairies put into effect Labor Day to finance the raise in producers' prices.

(4) New York City's tempestuous Mayor, Fiorello La Guardia, who lent the independents city trucks and moral encouragement to make grade B milk available at 8¢ a quart in welfare stations and to support 11¢ milk in more than 5,000 stores, while the big dairies, starting with a one-cent price differential and adding in the penny increase, were selling at 13¢ in stores and 14¢ delivered at home.

(5) Arthur Kallet and his ambitious Consumers' Union (offshoot of Consumers' Research) which carried the lead in voicing the people's protest at milk maneuvers that resulted in the big companies' paying out 42¢ more per hundredweight to farmers while collecting 47¢ more from customers—there being 47 qts. in a hundredweight. (That's the propaganda consumers use, but dairies point out that the price of pints was not raised, that the nickel margin simply can-

cells out their increased costs on pint business.)

(6) Peter G. Ten Eyck, New York's Commissioner of Agriculture and Markets, who wondered whether his battle-scarred milk control law after three trips to the Supreme Court might not at last be on its way toward a well-deserved rest in the limbo of forgotten legislation.

Under the provisions of that law Mr. Ten Eyck has power to fix the minimum prices which a producer must be paid and to establish production quotas for the various classifications—fluid milk and surplus, including milk for ice cream, butter, cheese, etc. He also has the power to fix the "minimum and/or maximum" wholesale or retail prices which dairies and dealers may charge.

Until last month, Mr. Ten Eyck contented himself with minima, relying on the leveling power of competition to keep maximum prices down to uniform minimum levels. But on Aug. 16, when he ordered an increase from \$2.45 to \$2.70 per hundredweight in the prices paid producers, the competitive controls failed to function as in the past. The big dairies began to talk of meeting further demands with a boost in the price paid to farmers and, concomitantly, in the prices paid by consumers.

## Both Prices Hoisted

First they added 17¢ to the price paid farmers—without in the least appeasing the Piseck brothers who hold out for a \$3.00 minimum—and then hoisted the wholesale and retail price 1¢, deliberately risking consumer resistance and the competition of independents, both of which have materialized on an unexpected scale.

Farmers, independent distributors, and consumers are all pretty generally of the opinion that ultimately the law of supply and demand will supersede Mr. Ten Eyck's milk control law. As a matter of fact, they say it largely has



International Harro & Ewing

**TROUBLE ALONG MILKY WAY**—Stanley Piseck (left) started it. That was last month when farmers in his Milk Producers Association were getting only \$2.45 a hundredweight for milk. On Aug. 16, Peter G. Ten Eyck, New York Commissioner of Agriculture and Markets (above), ordered a 30¢ increase. Big dairies went the Commissioner one better, voluntarily adding 17¢ more. The inevitable jump of 1¢ per qt. in the price of milk aroused opposition on the part of small distributors and consumers. With Piseck still holding out for a \$3.00 minimum, the fight rages on all fronts, and in that battle, which may have national repercussions, the sales and income recovery record established by National Dairy, headed by Thomas H. McInerney (right), is a focal point of attack.



already and that current developments simply seal its doom.

There's dark talk in the trade of distributors paying rebates to dealers, of demanding rebates from producers, of discriminatory hauling charges assessed against farmers, and of rackets worked in the bottle exchanges to force small men into line.

Eagerly, the Federal Trade Commission report on the New York milkshed is awaited as sure evidence of the justice of many of these charges. Among other things, the FTC report for New York is expected to show as it did in Philadelphia that millions of quarts of milk purchased at low surplus prices move to market as top-quality, high-priced fluid milk.

### Small Men for Flat Price

Independent distributors say that the classification system has broken down so completely and chiseling has become so rampant that the adoption of a flat pool price is inevitable. And they say it can't come too soon for them, for they prefer the direct price and quality pressures which such a system breeds to the covert chiseling which thrives under the classification system. Many, frankly functioning on the flat price basis now, regardless of Mr. Ten Eyck, say they pay producers 15¢ to 20¢ more per hundredweight than they would have received under the classification system with all its loopholes.

Well-organized now, dairy farmers don't fear abandonment of state regulation or federal control (which is now almost completely shot) as they once might. The experience in Chicago last year (*BW*—Oct 19'36, p17) has convinced them that "it pays to take a holiday," as the redoubtable Mr. Piseck phrases it.

### Ready for Action

The drought and the holiday threat have been sufficient to force price increases in New Orleans, Des Moines, Kansas City, St. Louis and elsewhere throughout the country, and if words don't suffice to bring about the \$3.00 level here in New York—and throughout all New England, as far as that is concerned—Mr. Piseck is prepared to back them up with actions. Or so he says, though the strike won't materialize in any case until after Governor Lehman concludes the public hearing which he has ordered in a last effort to avert trouble.

Unquestionably, the drought furnishes potential strike leaders with considerable ammunition. With hay ranging around \$40.00 a ton and corn virtually unobtainable even at prices above \$1.00 a bushel, with other prices at comparable highs and with pastures in bad condition, the dairy farmer's costs have skyrocketed. And the producer says that milk at \$2.87 a hundredweight

(little more than \$2.00 when surplus milk is averaged in) won't cover them.

In contrast, the rising sales and income figures of the big dairies round out the perfect propaganda picture. Last year's figures, reflecting the first real upturn, provided a shining mark, and reports for the first six months, such as that which National Dairy has issued, are expected to polish it up.

In 1935, National Dairy's sales were up 8.6%, and net income jumped from \$6,522,000 to \$9,338,000. The first six months of 1936 are running well ahead of that record, with sales heading toward a \$300,000,000 mark for the year and with net income at \$5,928,096 against \$3,464,898 for a comparable period of last year. Encouraging as those figures are, there is still a considerable gap between them and the \$26,000,000 which National Dairy earned in 1928, but they are bright enough to attract the attention of rabble rousers who disregard such things as distribution problems, mounting labor costs, and heavy depreciation charges, preferring to focus on the fact that milk which leaves the farm at 6.1¢ a quart sells in town at 13¢ across the store counter and 14¢ at the front door.

The Federal Trade Commission's studies, both of milk and distribution costs, may reveal some of the facts of the matter, straighten out some of the misconceptions, but in the meantime the farmer draws his own conclusions. And so do the consumers and the small distributors who charge a nefarious plot to work a squeeze play on them.

All of which adds up to the worst marketing and political headache on record.

### Plywood Plan

LOSSES in the export of Douglas fir plywood have been changed into profits for the 16 major mills of Washington and Oregon by a joint merchandising enterprise, the Pacific Forest Industries, which concentrates the plywood output in one place, enables manufacturers to ship a standard product to foreign markets at stable prices.

Under the plan, all plywood shipments by member organizations are cleared through Pacific Forest Industries' new warehouse at Tacoma. Each panel is sorted, graded and inspected to comply with export market requirements, and sealed in telescope cartons. A sufficient stock of all grades is kept on hand to fill any order that may be received, and the organization has complete control over grades and quality.

President of the new enterprise is E. W. Daniels, vice-president of the Harbor Plywood Corp., Hoquiam, Wash. Axel H. Oxholm, formerly chief of the forest products division, U. S. Department of Commerce, is managing director.

## Building Truce

Referee of unions' jurisdictional disputes has tough job.

A TRUCE, not peace. This is the non-partisan appraisal put on selection by the building trades unions of Dr. John A. Lapp, late director of labor relations in the Public Works Administration, as sole referee of all jurisdictional disputes.

Lapp's appointment springs directly from the healing of the breach (*BW*—Apr 4'36, p24) between the McDonough and Williams factions in the building unions affiliated with the American Federation of Labor. It apparently has no direct significance as a defensive move against the C.I.O. drive for industrial unionism. Carpenters, sheetmetal workers and other building workers fight each other fair and foul over who shall put this up or that in a building but such family feuds are forgotten in battling the Committee for Industrial Organization.

Strife between the building unions has prevailed ever since structural steel was introduced in building construction and no permanent peace is seen as long as new methods and new materials force their way into use. The almost constant warfare is the price of progress in building design.

Following the world war period, during which the unions behaved admirably, Ernest J. Russell, a St. Louis archi-

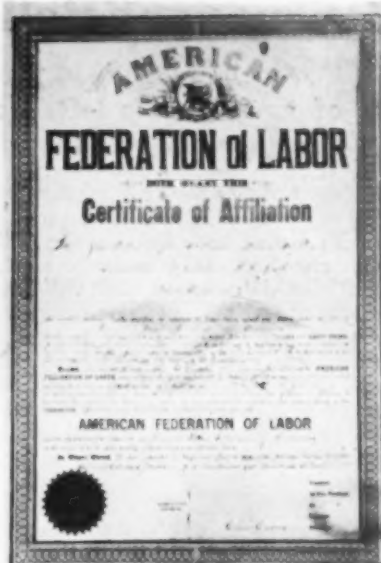


Harris & Ewing

ANOTHER MILESTONE—Jurisdictional disputes among the 19 unions in the building industry long have been a tough problem in American Federation of Labor circles. Now Dr. John A. Lapp, director of labor relations for PWA, has consented to become a family "czar" for the trades. It is hoped that future deadlocks may be settled by Dr. Lapp while the disputants continue work.



**THAT'S THAT**—William Green (above), flourished a copy of U. S. Senate testimony denouncing Communist activity in industrial unionization as he confirmed officially the suspension of John L. Lewis' Committee for Industrial Organization from the American Federation of Labor. Mr. Lewis (below, right) took the suspension calmly, said he would go right ahead regardless. And the A. F. of L. charter to United Mine Workers, of which Green and Lewis are members, was filed in the wastebasket.



*Harris & Ewing*

fect, and John Donlin, then president of the Federation's building trades department, succeeded in setting up an arbitration board which functioned for several years with dwindling effectiveness. Lapp is the first "outsider" to whom the unions have consented to submit their claims of encroachment upon each other's craft. Labor men freely admit that he is in a hot spot. Little enthusiasm concerning the unions' pacific move is apparent among contractors. It will be fine, they remark skeptically, if the internationals are able to keep their locals in line.

The theory of the new setup is that work on the job will not be interrupted while disputing unions seek, first, to settle their differences by conference and then, if they cannot agree, refer the matter to Dr. Lapp. All crafts have consented to abide by his decisions.

## Less Strike Talk

**Labor's internal fight goes on but industrial front is quieter. Maritime situation hottest.**

BUSINESS management paused to take stock this week, as Labor Day marked the end of an era and the beginning of a new one in the field of workers' organization. All hope of healing the rupture between the American Federation of Labor and the Committee for Industrial Organization ended Sept. 5, when suspension of the latter by the former was ratified by William Green and the A. F. of L. council.

In the whole broad field of labor relations, there are reassuring signs from several quarters—signs that indicate a "normal" period in which major strikes need not be unduly feared. John L. Lewis and his C.I.O. may feel that they have to "justify" their sharp attitude toward the more conservative policies of

the A. F. of L. by militant action or lose some of the support and confidence which they have brought to their followers. The present line of attack, however, is against the steel industry, and the job of preliminary organization is a tremendous one. An early and abortive strike might be ruinous to the prestige of the C.I.O.; consequently observers do not expect sudden action in that direction. Next year may be a different story.

### Not Bad, To Date

Department of Labor figures show that the number of strikes and the number of men involved, during August, was nothing to be alarmed about. About 100,000 workers were affected during the month, in small disputes scattered among some two-score plants. Largest was the Remington-Rand controversy, which involved about 2,000 employees.

Up to Labor Day, 1936 had seen 1,173 strikes, as compared with 2,014 in 1935—another indication of relative stability.

For the future months of 1936, the steel campaign and the maritime situation are two which bulk largest in the minds of impartial observers. The steel drive, as noted above, is a slow-breaking campaign, with political nuances which make early strikes unlikely. But the ship workers, particularly on the Pacific Coast, may get off the reservation. The present agreement between maritime workers and employers expires Sept. 30, and negotiations are going on to fix up a supplement.

### East Coast is Watchful

Atlantic coast shipping circles are entitled to be worried about anything which stops the normal flow of traffic in Pacific ports, because trouble spreads in intercoastal trade like measles let loose in a playground.

With the exception of steel and shipping, however, the industrial relations

picture is fairly bright. Business is good, and employment is picking up. Vacations with pay, and wage raises, were numerous this year. Everybody, even the dourest of "let's strike" boys, recognizes a happier feeling and a more optimistic one cutting across all industry.

New methods of management, in keeping employees informed, include one which is being taken up by several plants: The discussion of improved business as it affects employment totals. Last week's announcement by Buick, through its president, Harlow W. Curtice, is a case in point; Buick has had a good year along with the other automobile makers, broadcasts these items for the record:

Payrolls, up \$9,000,000, or 59.8% above the preceding year; average employment, 13,561 men as against 9,329, or 45.3% gain; average gain in earnings for each employee, 10%.

By such far-sightedness and logic, management is doing a job of selling at the most important point—its own shop.



# Permanent Relief Plan

**President's idea is to provide federal jobs for surplus of employables left over at any time by industry. Pump-priming is about ended.**

WASHINGTON (*Business Week Bureau*)—The President's "fireside" repetition of his fervent hope that business will take more men off government relief, and his mobilization of the U. S. Employment Service for a job-hunt in industrial plants is an attempt to get the relief rolls down to where he might risk the establishment of a permanent system of federal employment of jobless. He would like to tackle this next spring—if he gets a chance.

## To Absorb Surplus

This speech in which Roosevelt asked for continued cooperation by employers also marks the rapidly approaching end of the industrial pump-priming aspect of the recovery program. Public works is a feature of his policy for the future but his main idea is to provide employment in this and other resource-conserving and -utilizing directions for a minimum number of men—those employables whom private business cannot absorb at any one time—while unemployed are taken care of by the states and communities.

Roosevelt's gradually evolving program ties in definitely with his Baltimore speech in which he stressed the desirability from the standpoint of the national economy and the individual of abbreviating the working span of life. This theory of reducing the volume of employable labor available, thereby reducing the size of the surplus for which he feels responsible, will be applied at one end by fostering a longer period of education so that youth will not enter wage-earning ranks at so green an age. Students will be aided, at least by loans, possibly by grants. To shorten the working span at the other end, Roosevelt is counting, of course, upon wide application of the benefits of the Social Security Act.

## Prospect for Cut Not Bright

The immediate prospect of a further marked reduction in work relief rolls is not bright. They have dwindled from a peak of 3,853,000 last Feb. 29 to 3,362,000 on Aug. 15 but it is questionable whether absorption of more labor by industry will offset the inevitable return to winter quarters on relief rolls of the drifters who cut loose last spring. And an intensive survey of the occupational qualifications of the men now employed by the Works Progress Administration isn't likely to enhance very much their chances of getting other jobs.

An occupational survey by WPA of some 3,000,000 persons on its rolls last

March revealed that 2,250,000, or 77%, were common laborers. It is fair to assume that since the March survey the majority of the remainder have been drawn into private jobs. This is indicated by the trouble the Public Works Administration and some branches of WPA have had in finding enough sufficiently skilled workers to execute their projects. In order to furnish employment for the mass of unskilled workers it is necessary actually to "hide" skilled workers on relief rolls and also to employ skilled labor not on relief—and there is active competition among WPA, PWA, and other government units for the services of these men.

Despite all the to-do regarding unemployment, the Administration has refused up to the present time to face facts lying beyond the immediate cost to the government of this condition. Even the new job survey by the U. S. Employment Service is aimed simply at unloading more men from WPA to private payrolls. Its registration and classification of workers does not constitute, in any sense, that census of unemployment, which organized business has demanded for months, years.

## No Census of Jobless Yet

Estimates that still are current are little better than guesses. Undersecretary Draper, of the Commerce Department, recently computed a decline of 5,200,000, or 35%, in unemployed ranks since March, 1933. Ignoring WPA employment, that would leave 9,650,000 without jobs today. The estimate of the American Federation of Labor is 11,250,000. The U. S. Employment Service claims placement in private employment of 3,659,000 since June, 1933, has 6,604,000 registered as looking for jobs. Many of these are working on WPA or are actually in private employment and simply want better jobs.

It is reported that a count of the unemployed is now included in Roosevelt's program if he is re-elected but no satisfactory census can be taken until the fall of 1937, a year from now. Thoroughly disillusioned by past experience, the Census Bureau won't guarantee results from a census taken as a relief project. Next April would be the right month for a good job but the bureau insists that, even if Congress passed the necessary legislation in January, six months would be needed for decent preparation. So it will be some time before either the Administration or industry can be definitely informed of the actual dimensions of the problem.

## Where Homes Are Being Built

Based on permits in all cities of 10,000 population or more

States by Regional Groups	First Six Months of 1936 Thousands of Dollars	% Change Over First Six Months of 1935
<b>New England ..</b>	<b>\$14,005.3</b>	<b>+77</b>
Maine.....	416.8	+22
New Hampshire...	396.6	+63
Vermont.....	172.1	+86
Massachusetts.....	8,417.6	+80
Rhode Island.....	1,514.5	+92
Connecticut.....	3,087.7	+72
<b>Middle Atlantic ..</b>	<b>85,692.5</b>	<b>+108</b>
New York.....	64,933.6	+105
New Jersey.....	8,494.1	+95
Pennsylvania.....	12,264.8	+141
<b>East North Central .....</b>	<b>58,365.0</b>	<b>+228</b>
Ohio.....	19,032.4	+184
Indiana.....	2,176.4	+126
Illinois.....	7,525.7	+230
Michigan.....	15,358.7	+191
Wisconsin.....	14,271.8	+453
<b>West North Central .....</b>	<b>12,776.2</b>	<b>+61</b>
Minnesota.....	3,516.0	+106
Iowa.....	1,902.7	+84
Missouri.....	4,464.3	+25
North Dakota.....	143.7	-41
South Dakota.....	275.0	+20
Nebraska.....	916.8	+94
Kansas.....	1,557.7	+126
<b>South Atlantic ..</b>	<b>30,932.2</b>	<b>+59</b>
Delaware.....	723.7	+328
Maryland.....	2,297.9	+200
Dist. of Columbia..	11,727.8	+78
Virginia.....	2,981.2	+114
West Virginia.....	1,437.4	+101
North Carolina.....	2,516.2	+63
South Carolina.....	1,206.7	+47
Georgia.....	1,602.1	-68
Florida.....	6,439.2	+173
<b>East South Central .....</b>	<b>4,227.4</b>	<b>+97</b>
Kentucky.....	1,453.4	+65
Tennessee.....	1,310.8	+175
Alabama.....	597.1	-2
Mississippi.....	866.1	+388
<b>West South Central .....</b>	<b>15,797.0</b>	<b>+112</b>
Arkansas.....	440.7	+132
Louisiana.....	1,632.3	+194
Oklahoma.....	3,039.5	+186
Texas.....	10,684.5	+89
<b>Mountain .....</b>	<b>5,369.6</b>	<b>+119</b>
Montana.....	656.7	+154
Idaho.....	346.0	+79
Wyoming.....	380.5	+13
Colorado.....	2,052.7	+88
New Mexico.....	409.5	+278
Arizona.....	588.6	+366
Utah.....	569.6	+107
Nevada.....	366.0	+559
<b>Pacific .....</b>	<b>42,269.4</b>	<b>+161</b>
Washington.....	2,474.9	+133
Oregon.....	1,173.5	+164
California.....	38,621.0	+163
<b>United States... \$269,434.6</b>	<b>+120</b>	

Data: Federal Home Loan Bank Board.

Bureau of Work

# "Unforeseen events..."

*so often change and shape the course of man's affairs"*



## There's ONE favor no friend should ask

TOO OFTEN the man who is required to provide a surety bond as executor, administrator, guardian, trustee or receiver, thinks first of his friends. Too often he asks a friend to lend his good name, to pledge his property, his future hopes of prosperity, the security of his home and his family against unforeseen events through years to come. And too often the friend signs.

### A POOR MAN SIGNED AWAY THE FORTUNE HE WAS LATER TO ACQUIRE

Fifteen years ago two wealthy men signed a bond for a friend appointed trustee for an estate. A third signature was needed, so they asked another friend, of very modest means, to add his name.

Last year, after the trustee had converted the funds to his own use, the three signers were called on to make good. The two wealthy friends had lost their money. The poor man had made a fortune... only to have it snatched away because of the "favor" he had done a friend fourteen years before.

### "A FORMALITY," FRIENDS TOLD HIM... BUT HE SIGNED HIS DEATH WARRANT

"Just a formality, Colonel," friends told the southern lawyer when they asked his signature on a surety bond. Later, when he had to meet the claims against them, he went into bankruptcy, felt himself disgraced, ended a long and honorable career in suicide.

### A PAL AT 60... A VICTIM FOR \$300,000 AT 80

Twenty years before, a prominent Chicago man had signed a guardian's bond for a friend. Now, with the funds lost through unfortunate investment, the signer at 80 years of age, long past the time when he might recoup, paid \$300,000 for his friendship.

Better that the friend should say, "No! My friendship should mean more to you than the few dollars a corporate bond will cost." Such responsibility is for a bonding company like the Maryland. In every state in the Union, in Alaska, Canada, Cuba, Puerto Rico, the Canal Zone and Hawaii, a telephone call to the nearest of the 10,000 Maryland agents will clear up the whole problem for the man who requires surety bond.

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Companies and the American Mutual Alliance. It is a symbol of soundness and stability

## "Measure of Confidence"

Sec. Morgenthau finds it in reception of Treasury's new bonds but business keeps eye on budget.

THE Treasury's \$914,000,000 offering of 2½% long-term bonds was received avidly this week—which was to be expected. Banks, insurance companies, corporations, individual investors, and holders of the maturing 1½% notes could hardly have been expected to turn down a joyride at a cash profit.

The new bonds were destined for an immediate premium—based upon prices of comparable government issues. Treasury 2½s due 1951-54 hovered around 102. The new issue, bearing the same coupon, added only five years to that maturity. It is thus evident that an almost automatic rise of about two points was indicated.

### "Measure of Confidence"

Sec. of Treasury Morgenthau was elated. He pointed to the lengthening of the bonds from 10 to 20 years (since September a year ago) without any increase in coupon. He knew of "no better way," he said, "to measure the growing confidence in the government's credit."

In any other period but the present, the prolongation of the maturity date without a commensurate rise in cost would be a touchstone of the national credit. But today, the government itself is in the money market, dominating it, making funds easy (BW—May 30 '36, p. 26). Uncle Sam fixes, more or less, the price of money, and thus, indirectly, fixes the price of government bonds.

Consequently, the full measure of the fiscal state of affairs cannot be grasped in interest rates and maturity dates. Particularly is this true just after a revised budget in which President Roosevelt indicated that the Treasury would reduce its working balance in order to finance the deficit. After the Sept. 15 financing is completed, the Treasury will need at the outside only \$900,000,000 additional money over the next 9½ months.

### Last for Some Time

Thus, the \$400,000,000 in cash the Treasury is now raising washes up about one-third of the new financing for the current fiscal year. No large issues of governments will be edging onto the market. And, after so many years of bountiful flotations, there will be a semblance of scarcity by contrast. No wonder there was a receptive market. Which is the very reason why the quotations for U. S. obligations cannot be relied on to demonstrate the "growing confidence in the government's credit."

For such a measure, there is the budget. With a gross deficit of \$2,097,000,000 for the fiscal year ended June 30,

## U. S. Income Prospects

Federal revenues, from customs and taxation, could easily exceed \$5,900,000,000 in the fiscal year ended June 30, 1938. That would be the highest on record, with the single exception of 1920's \$6,694,000,000, and would go far toward balancing the budget. Here is how the \$5,900,000,000 is arrived at:

Treasury estimate of revenue for 1937, projected to 1938 is \$5,666,000,000. Add Treasury estimate of increase in tax receipts available in 1938 amounting to \$224,000,000. Total is \$5,990,000,000. Subtract \$80,000,000 of "windfall taxes," not available after the current fiscal year. Net estimated revenues are then \$5,910,000,000. And, if business continues to improve, even that figure may be modest.

1937, any confidence must be partly synthetic. Before the Treasury's counting house can be in order, there must be a cut in relief expenditures. Even giving the Administration the best of everything, by eliminating the \$560,000,000 bonus money and the \$580,000,000 required for statutory debt retirement, there would still be a deficit of \$957,000,000 (BW—Sep 5 '36, p. 11). To which should be added the contingent sum of \$500,000,000 for additional relief. Include that, and you get a \$1,457,000,000 net deficit.

### Even Higher Revenues Seen

Fortunately, time is with the Treasury. After seven years of deficits, to balance the budget ought to be no Herculean task; recovery was bound to come some time. And the cold figures of the President's own estimates bear this out. New taxes superimposed upon the upward sliding scale of business profits could produce revenues of \$5,900,000,000 in the 1938 fiscal year. That figure is based on Treasury estimates. What is more, the momentum of recovery augurs revenues above that figure, if no radical changes are made in the tax base.

With \$5,900,000,000 to work with in 1938, a balanced budget is arithmetically feasible. By eliminating major relief expenditures (and with industry re-employing more people, this should be no hardship), expenditures could be held to \$5,617,000,000 (BW—Sep 5 '36, p. 11). That would leave a fairly substantial surplus. Yet, the expenditures would include semi-relief items: Soil Conservation, \$550,000,000; Civilian Conservation Corps, \$300,000,000; Social Secur-



ity, \$405,000,000; public highways, harbors and other public works, \$285,000,000. In addition, there would be \$580,000,000 of statutory debt retirement funds, which could be diverted to relief.

## Advertising Pays

And the Democratic National Congressional Committee expects to prove it by *Register*.

ANOTHER means of aiding the finances of the Democratic National Congressional Committee is seen in the announcement of the *Democratic Register*, a biennial publication which sounds like a party edition of the Congressional Directory.

While the *Register* will be mailed to influential business and civic leaders in their districts free of charge by the 425 Democratic Congressmen, Lew Trenner of the Trenner Publications of Philadelphia, who is the publisher, has a staff of 60 men soliciting advertising for its scheduled 192 pages.

Democratic congressmen have guaranteed distribution (just prior to the election) of 105,000 copies which will contain cuts of these legislators, biographies, records and excerpts from their speeches. It will be prefaced by accomplishments of the New Deal and an explanation of the various agencies of the Administration.

Trenner admits that revenue will probably be more than enough to pay for printing, says the surplus will go to the committee. He has his headquarters at the offices of the Democratic National Committee in the House Office Building, states he is not paid by the committee, but has the publication of the *Register* on contract, thinks the venture "a great advertising opportunity."

## Census Bureau Steps Out

A NEW policy of closer contact with industrial and trade organizations is being inaugurated by the Census Bureau. The service of bureau representatives is now offered to every convention of any size anywhere in the United States.

The bureau is represented now by exhibits at the Texas Centennial, the Metal Products Exhibition in New York, and the Great Lakes Exposition at Cleveland. Experts are stationed at these strategic points to distribute publications and to answer all inquiries concerning the bureau's services. Also, temporary business information offices have been set up at St. Louis and Philadelphia.

The bureau's new policy also brings its staff into consultation with business men for the purpose of improving its publications and formulating questionnaires free from headaches.

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OVER 20 YEARS ON THE JOB

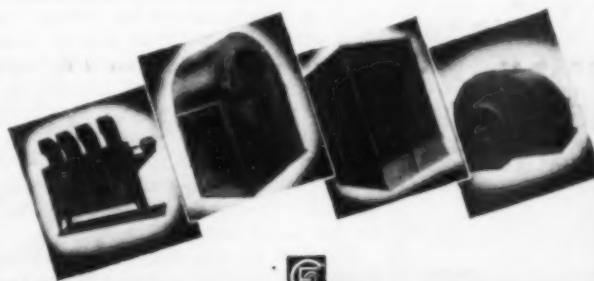
Though we work with giant automatic punches, presses and shears — taking advantage of every scientific and mechanical advancement — it still requires more than the machine to manufacture Clarage equipment in the manner in which it is made.

Clarage reputation for quality — for satisfactory service with utmost economy — rests largely upon the skill and experience of the men in the Clarage plants.

We have been building air handling and conditioning units and systems for nearly a quarter century. Some of our workers were with us even before we entered this field. Many have been here ten, fifteen, twenty years — craftsmen who like their jobs — who do their level best — WHO USE THEIR HEADS AND THEIR HEARTS, as well as their hands, to make Clarage equipment the finest obtainable.

Clarage Fan is a good example of the American system — workmen and management teamed together in a common purpose, planning, striving, sweating to give the customer EXTRA VALUE for the money he invests in air handling apparatus, factory heating, product cooling, comfort cooling or complete air conditioning.

All of us — those who work at the desk and those who work at the bench — will appreciate your next inquiry.



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## Department Store Shift

**Marshall Field unloads and a pair of hot merchandisers come to Chicago's State Street.**

OVER the Labor Day week-end the news broke that Marshall Field & Co. had sold the Davis Department Store on State Street, Chicago, and now retail circles are buzzing with speculation as to the significance of this latest and perhaps biggest of Field's unloading operations.

Rumors that the Davis store was to be sold have cropped up rather frequently ever since James O. McKinsey, management engineer, took over the helm of the far-flung Field enterprises, but they have always been denied by responsible Field officials. Only three weeks ago such a denial was accompanied by an emphatic statement that no negotiations were in progress or contemplated. Announcement of the sale so soon thereafter is taken as indication that the purchasers, Goldblatt Brothers, met whatever terms and conditions Mr. McKinsey's well-known trading ability and Scotch ancestry may have dictated as the final rock-bottom proposition acceptable on the deal.

Official announcements from both sides of the transaction give no inkling of the selling price. Mr. McKinsey merely stated that a contract for the sale of the Davis store to Goldblatt Brothers had been signed, effective at the close of business Sept. 5, that name, leases, stock, fixtures, and customers' lists were included in the sale but that current customers' accounts receivable would be retained by Field's. When pressed for further explanation, he said that the sale simply was in line with Field's present policy of disposing of all unprofitable units and pointed out that already Field's has sold 10 of its 14 small department stores.

### Goldblatts Know the Town

In the Goldblatt camp closing of the deal was made the occasion for celebration. The Goldblatt brothers, Maurice and Nathan, started with one store in 1914. The merchandising methods they adopted were informal and blunt but appealed to the thousands of Chicagoans in the low-income class who buy strictly on a price basis and who care little for fancy displays, elaborate decorations, and special services. It was the same style of mass merchandising that in recent years has achieved prominence in super markets. It has built mass sales and, incidentally, has piled up considerable mass profits for the Goldblatts.

Proof of the effectiveness of this merchandising formula is found in the fact that, from small beginnings, the Goldblatt business has grown steadily and rapidly. At the beginning of 1936 the

brothers were operating six large stores in Chicago and one each in Joliet, Ill., and Gary and Hammond, Ind. Their sales volume for 1935 topped \$33,000,000.

The invasion of Chicago's State Street shopping district by such large and aggressive mass merchandisers as the Goldblatts is being viewed with considerable alarm by other large retailers in that district who are catering to the low-income buyer. State Street oracles also predict that Goldblatt competition in the Loop is going to make it tougher for Sears, Roebuck & Co.'s central store, located just outside the Loop and across the street from the Davis store.

### Big Stores Aren't Worried

Other State Street department stores, such as the Marshall Field retail store, Mandel Brothers, and Carson Pirie Scott & Co., are expected to gain rather than lose through Field's abandonment of the Davis store. The consumers who patronized the Davis store were of the class that goes shopping to locate the best possible buy for the money in acceptable surroundings, but few of them would have thought of crossing the street to visit a Goldblatt store to find the final low-down on bargains. The other big stores think they are now likely to forget that State Street extends south beyond Jackson Boulevard and will stay north of the line.

For Field the disposal of the Davis store means riddance of a constant problem. Field bought the store from the Rothschild interests for \$9,000,000. Insiders say that it has never performed as expected and during many years operated "in the red." Changes in executive personnel, policy, store layout, etc., haven't produced satisfactory results, although those familiar with operating results of recent months contend that the store would have finished "in the black" this year.

Investment-minded observers predict that, as a direct result of this transaction, the financial status of both seller and buyer will show some changes. For the Goldblatts the purchase is expected to force issuance of stock, and holders of Goldblatt stock are looking for the announcement of "rights." To Marshall Field & Co. liquidation of the Davis store investment will bring in cash, variously estimated at from \$5,000,000 to \$7,000,000, and there is much speculation as to whether that huge sum will be absorbed in some new activity or be used to reduce the accumulated dividends of \$31.50 per share (as of Sept. 30, 1936) due on 296,000 shares of 7% preferred stock.

# In Went the Cat's Paw

## -out came a Billion-Dollar Idea!

It's nearly 150 years now since a certain young man, with a knack for mechanics, went South to court the girl of his fancy. And fortunate it was for the world that he made this romantic journey!

For one day he visited a cotton plantation. He saw what a long, slow process it was to clean the seeds from raw cotton. He talked with the planter, learned more about the difficulties of picking and cleaning cotton by hand.

That night he couldn't sleep. If only there were a machine to do all that tedious work! Restlessly he got up and stood by the window. In the moonlight he saw a cat, frantically busy at one of the chicken coops. The cat had killed a chicken but was unable to pull it through the wire mesh. In went the eager paw—out came a cloud of white feathers. In went the paw again . . .

Thoughtfully the young man went back to bed. In his mind's eye he pictured an iron claw, pulling cotton fibres through a fine mesh screen—leaving the hard seeds behind—

A few days later he had worked out the first rough sketch of a remarkable new machine. It made large-scale production possible, revolutionized the entire cotton industry. The young man's name was Eli Whitney. The machine, inspired by a rubber cat in the moonlight, was the famous cotton gin.

Thousands of men might have watched that cat at the chicken coop without attaching any importance to it. But to Eli Whitney it was the basis of a billion-dollar idea. He saw and recog-

nized the fabulous *unseen value* of that little barnyard drama.

It requires no special genius to recognize the Unseen Value in an automobile. Today every alert, intelligent man or woman who buys a car realizes that there is something far more important to him than the materials from which the car is made—far more significant than such things as beauty, power, safety or speed. The Chrysler Corporation has succeeded in making America conscious of this vital Unseen Value.

What is it, you ask? The man who drives a Chrysler-built car well knows! He knows the pride and confidence that

go with ownership of a Plymouth, Dodge, De Soto, Chrysler. Behind these cars is far, far more than the busy factories in which they are built. Behind these cars is devotion to an inspiring ideal.

### Look Beyond Beauty, Safety and Speed

It has always been the ideal of the Chrysler Corporation to improve cars in every possible way, and to keep improving them. Chrysler engineers have dared to build the cars of their dreams—have pioneered one great advance after another—have created veritable masterpieces of perfection.

Because of this, about every fourth car sold today is a Chrysler-built car! Of all American motor manufacturers, Chrysler Corporation alone exceeded in 1935 its rate of production for the boom year of 1929.

We ask you to bear these facts in mind when you buy a car. We ask you to consider the exceptional *Unseen Value* of the famous cars and trucks built by Chrysler.

#### BEFORE BUYING A CAR —ASK YOURSELF THESE 6 QUESTIONS

1. Has it proper weight distribution?
2. Has it genuine hydraulic brakes?
3. Is it economical to run?
4. Has it floating power?
5. Has it safety-steel body?
6. Does it drive easily?

ONLY CHRYSLER-BUILT  
CARS HAVE ALL SIX

*Chrysler Corporation*

Chrysler Marine and Industrial Engines • Airtemp—Air Conditioning

DE SOTO  
CHRYSLER  
PLYMOUTH  
DODGE  
PASSENGER CARS AND TRUCKS

YOU GET THE GOOD THINGS FIRST FROM CHRYSLER CORPORATION



# Golden Moving Day

**Government gets ready to bury six billions of its bullion in the strongbox that industry has built for it safely inland at Fort Knox, Ky.**

IN THE dark of October's moon \$6,000,000,000 of the nation's gold bullion will be hauled from its vaults on the Atlantic seaboard across the Alleghenies to a new parking spot at Fort Knox, Ky. The transfer from the mints and banks in New York, Philadelphia, and other cities is dictated primarily by military reasons and, since gold no longer is legal tender in domestic transactions, it is necessary to maintain an immediately accessible supply sufficient only to meet export needs. Gold stocks on the Pacific coast have been transferred to Denver for the same reasons.

The structure now nearing completion on the 30,000-acre government reservation looks like a small office building except for a turret at each of its four corners where a sentry will bask of a winter's night in the warmth from a register under his otherwise traditionally chilled feet.

## \$1,000,000 in 1.63 cu.ft.

This home for the world's greatest concentration of wealth is only 105 ft. by 121 ft. and the vault is much smaller than that. A ton of gold, worth about \$1,000,000 at its present price, occupies only 1.63 cu.ft. and six thousand millions, measuring 9,780 cu.ft., doesn't represent much more space than a good-sized double garage. The Dixie highway is being relocated so that it will run right past the door.

The cost of the new gold garage is modest. The Great Lakes Construction Co., Chicago, got the contract on a bid of \$468,274. Mosler Safe Co., Hamilton, O., furnished the vault entrance for \$16,862 and Houghton Elevator & Machinery Co., Washington, D. C., installed the elevator for \$10,996. The

job required 6,000 cu.yd. of excavation, although the vault rises above ground. The materials used in construction included 16,500 cu.ft. of granite, 4,200 cu.yd. of concrete, 750 tons of reinforcing steel and 670 tons of steel.

The repository will be guarded by artillery and mechanized cavalry which includes the Army's latest equipment—tanks, combat cars, armored cars, scout cars. There are now 72 officers and 1,320 enlisted men stationed at the post proper, which is about a mile distant from the building. It is the headquarters of the 7th Cavalry Brigade. The 68th Field Artillery is on the post and 200 men from the First Mechanized cavalry will be transferred there soon.

This elaborate armament presents an amusing contrast to the safeguarding of



**GRANITE, STEEL, ELECTRICITY, WATER**—Most of the inanimate guardians known to man are present in the House of Gold—Uncle Sam's new strongbox at Fort Knox, Ky., which will serve as repository for \$6,000,000,000 in gold to be shipped

across the country in armored trains. The bombproof granite vaults can be flooded with water from a moat; electric "eyes" will guard approaches to the hoard; and gun turrets (shown at left and right) are to hold armed sentinels.

bullion in the Philadelphia mint in 1825. The regulations at that time provided that "the arms chest is to contain at all times one musket, one bayonet, two pistols, and one sword. The chest is to be securely locked at all times. The musket is to be taken out without fail once each month. It is to be discharged and loaded anew. The watchman is to ring the bell in the yard every hour after 10 p.m. Immediately thereafter a watch dog is to be led through the yard."

The cost of transporting the gold under guard to Fort Knox is estimated at \$1,429,240, a pretty penny. Minute precautions have been taken for safety in transit but it is probable that the country will wake up some morning next month to learn that the gold has gone to its new cache. It would have been moved early this month except for delay in completing construction of a spur track from the Illinois Central's line.

## Wine Can Arrives

WHILE bottle makers are heavily engaged with can competition in the beer field, the same enemy attacks at another point. Canned wine, long talked of with mingled fear and hope (*BW*—Apr 11 '36, p40), makes its official appearance. Recently 15 carloads of wine left the California plant of the Eastern Wine Co. headed for New York. National Can Co., subsidiary of McKeesport Tin Plate Co. and one of the big three beer can producers, supplied containers for the wine.

National cites the big shipment as proof that it has found the answer to a wine can that will conserve the necessary qualities. Proof of such a claim would have widespread results. Some of them: Mass attack by can makers on wine bottles; securing of support of the powerful can companies in the campaign to boost wine consumption; general increase of the home market for wine; stronger competition of wine with beer and other alcohols.

# More Electrical Appliances

Six-month survey shows power companies are doing better appliance-selling job, but non-selling companies are reporting similar load gains.

Power companies are learning to be better merchants. Their domestic electric appliance sales totalled 22% more in the first half of this year than in the same period of 1935. This, together with their lighting sales, built enough load to boost their average annual domestic consumption 10% over the year before.

A survey has just been completed by *Electrical World*, embracing utilities serving 15,396,010 households, which is about 75% of the entire industry. These companies employed 37% more salesmen and women during that period and spent 8% more for advertising, to build domestic load. Their appliance volume aggregated \$41,355,673. They shipped their sales of refrigerators 17%, ranges 27%, water heaters 23%, clothes washers 12%, ironing machines 18%, vacuum cleaners 20% and 19% for all other appliances.

## How Much Do Dealers Sell?

Of course, all this covers only appliances sold by the power companies themselves and there is a surprising lack of knowledge among these utilities as to what the local dealers are selling into their lines. But for those cities where dealers sales were estimated by companies that themselves sell appliances, the dealers are selling a large proportion—refrigerators 79%, ranges 81%, water heaters 18%, clothes washers 88%, ironing machines 74% and vacuum cleaners 87%.

There is a wide variation in the progress made by the different power companies in the development of domestic appliance load. The greatest use of electric ranges and water heaters is found in the Northwest, where they have been selling these heavy load-builders most persistently through the years. And that section has the lowest average domestic rate and the highest average domestic consumption, some companies reporting 1,774, 1,733, and 1,408 kw.-hr. per family.

But the Southeastern companies are now making history. They record the largest gains in average consumption, the largest appliance sales and revenue per consumer, the largest advertising expenditure per consumer, the lowest number of consumers per sales person, the largest sales of refrigerators, ranges and water heaters per 1,000 consumers, and the highest total of refrigerators in use per connected home.

Southeastern companies are now running as high as 1,113, 1,059, and 1,048 kw.-hr. per consumer and show increases up to 212, 209 and 184 kw.-hr. over the year previous. The top in average appliance sales per consumer for the six months was \$16.75, the largest revenue per consumer \$56.33.

One of the interesting reflections from this survey is the progress made by the

listed 21 utilities that sell no appliances themselves. They showed a gain of 8% in average annual domestic consumption against 10% for those who merchandise, with highs of 1,246 and 1,113 kw.-hr. in the Far West and 1,043 and 1,038 kw.-hr. for Northeastern companies. Rates and average revenue per consumer compare favorably with the companies that are actively selling.

The argument as to whether or not a power company should sell appliances has raged for years among utility men. So far the "pros" have had the best of it. More companies sell and their gains in load are larger. *Electrical World* urges the ideal combination of active selling plus all the active dealer promotion that the non-merchandising companies provide. And it is this plus the menace of TVA plus superior sales management that has been chalking up the records in the Southeast.

The rental of ranges, water heaters, and small refrigerators continues, as a means of introducing them into more homes, but by fewer companies to a smaller total.



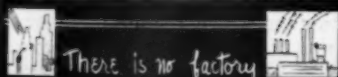
## Credit enough TO GO AROUND

The machine-tool maker who uses R & M motors entrusts that part of the job to specialists with forty years' experience in building motors that make good machines better. He doesn't mind if the motors get part of the credit—he gets credit for using the

best of everything! That's a point worth remembering, no matter what kind of electrical appliance you may be buying. Look for R & M on the motor. . . . If you are a manufacturer, R & M experience is at your service. Robbins & Myers, Springfield, O.; Brantford, Ont.

**ROBBINS & MYERS**  
*Motors*

FANS • MOTORS • HOISTS • CRANES • FOUNDED 1878



There is no factory or commercial building that cannot be cleaned better and more economically with -

INVINCIBLE HEAVY-DUTY PORTABLE VACUUM CLEANERS

May we tell you more?

INVINCIBLE VACUUM CLEANER MFG CO.  
2511 DAVIS ST. EST. 1905 DOVER-OHIO

# Wrong 42% of the Time

**That's the average executive's record on marketing strategy according to market research agencies whose services are in increased demand as sales grow.**

THE average business executive is wrong 42% of the time in determining his marketing strategy. Even the best of them has a margin of error in excess of 35%.

These are not empty estimates. They are findings based on data accumulated over a period of years by the A. C. Nielsen Co. of Chicago. And they go far to explain why the top executives in the nation's leading corporations are turning in increasing numbers to commercial market research agencies to find the answers to such questions as: how much money should be spent for advertising and where and how it should be placed; how much of a particular market is available at any time to a particular brand and how much the competition monopolizes; what consumers think of the product; what are the most effective sales appeals; should the method of distribution be changed or refinements made at any point; is the price right; what about the possibility of new products—in short what of a thousand things should be done to speed and increase the movement of goods from any particular point of production to and through consumption.

## Checking Them Up

Since the Nielsen Co., a pioneer in the field, came into being some 13 years ago, it has undertaken to find the answers to thousands of these questions for the manufacturers of six hundred different products. Before undertaking any research job, either on a piecemeal or over-all basis, it has for the past five years asked the executives in its client companies to furnish a written record of their opinions on each of the points under investigation.

Later comparison of the advance guesses with the facts actually uncovered in dealer or consumer surveys has revealed the average 42% error. And statistics don't lie—at least not in this case where practical changes in marketing operations based on the research findings have repeatedly established their accuracy and authenticity.

This business of commercial market research is a four million dollar enterprise, and it is growing by leaps and bounds. A comparatively young service, it has expanded rapidly during the depression when manufacturers like General Electric, Coca-Cola, American Radiator, duPont, Westinghouse, Eastman Kodak, General Foods, A. T. & T., and a host of others became acutely conscious of the need for facts in their scramble for all-too-scarce sales dollars.

For the year 1935, leaders in the research field report increases ranging from 40% up to 140%, and business this year continues to accelerate. Among dozens of others these are some of the firms which have established definite places for themselves in the business: Crossley, Inc.; Daniel Starch; Market Research Corp. of America; Ross Federal Service; Anderson, Nichols, Associates; The Houser Associates; Cherington & Roper; Barrington Associates; and Booz, Fry, Allen & Hamilton.

## Functions and Methods Differ

Not all of them specialize in the same types of research activity. At one end of the spectrum their functions fade off into advertising counsel; at the other, into sales consultation work and management engineering. Some of them operate chiefly on a spot job basis, while others, in addition to handling individual projects, carry on a continuous analysis of basic market information and sell periodic reports as a regular service.

Thus, the A. C. Nielsen Co. has its "Food and Drug Index," issued every 60 days and sold at charges varying from \$10,000 to \$100,000 a year, depending on the amount of information which the individual subscriber desires.



**NEW HAMPSHIRE**  
LAND OF SCENIC SPLENDOR

**SELLING SCENERY**—With competition from all sides in the matter of telling the vacationer where to go, New Hampshire is not to be caught napping. Maxfield Parrish put his colors to work on this poster, which celebrates impressive gains in travel through the Granite State.

To compile the report, the company makes periodic audits of several thousand retail drug and grocery stores in all sections of the country. The audits, involving records of inventory, store purchases, and actual sales, provide subscribers with a continuous quantitative measure of the movement of their own goods expressed not in absolute volume but in relation to the simultaneous movement of competing items.

Crossley, Inc., conducts two continuous studies. "The Cooperative Analysis of Broadcasting," inaugurated in March, 1930, under the sponsorship of the Association of National Advertisers is designed to keep a constant check on the shifting popularity of radio programs; the Crossley Reports, released monthly, report the results of 400,000 telephonic interviews with radio listeners in the course of a year. The "Continuous Consumer Index," issued monthly, reveals the trend of brand preference in terms of purchases made by housewives in twenty different commodity lines. Like the Nielsen Index, this type of service permits study of the effects of local advertising or sampling campaigns, special sales, or other merchandising activity and lends itself directly to copy-testing experiments.

Daniel Starch's continuous magazine reader survey to determine on a monthly basis the extent to which individual advertisements have been seen and read represents an extension and practical elaboration of a technique devised by Dr. George Gallup five or six years ago to find out what people read in a newspaper and why.

## Success Stories Overwhelm

As far as individual research jobs for private companies are concerned, there are success stories without number—so many and so rosy that they have aroused a certain amount of unjustified distrust on the part of manufacturers unfamiliar with what scientific, statistical analysis of sales potentialities can accomplish.

The research technique cannot in itself perform any miracles; it cannot revitalize a dead product or galvanize into effective selling activity a company that has long since stopped going places. But properly conducted, it can uniformly redirect sales effort into more profitable channels, for it establishes unquestioned facts concerning what, where, when, why, and how people buy.

Used as a constant tool of selling, as the Norge Division of the Borg Warner Corp., among hundreds of others, has used it, such research can so shape a complete sales campaign, from product design through dealer relations, that the end-result in terms of maximum sales possibilities can be set within a slight percentage of error.

In addition to supplying confirmatory



**TEL. AND TEL.  
REDUCES RATES**

**REDUCED RATES FOR  
LONG DISTANCE CALLS**  
Will Save \$1,500,000 Annually  
To Telephone Users

**\$5,000,000 CUT  
IN U. S. PHONE  
RATES FEB.**

*and now*  
**ANOTHER REDUCTION  
IN  
Long Distance  
RATES**

**NEW LONG DISTANCE  
TELEPHONE RATES**

Changes Mean Better Service  
and \$3,000,000 Annual  
Savings to Public.

**RATES FOR LONG  
DISTANCE PHONE  
CALLS REDUCED**

Schedule Is Explained  
by District Manager  
Of Company

Under the new rate schedule, night  
"station-to-station" calls may be made  
between 7 p. m. and 4:30 a. m., on  
the lowest long distance rate, Alex-  
ander said. For several years, the  
night "station-to-station" rate has  
been available only between 8:30  
p. m. and 4:30 a. m., he said.  
Tariff revisions for the  
Southwestern Bell Telephone com-  
pany, announced Tuesday by Thornton  
Alexander, district manager of the  
company, will take effect on Jan. 1, an-  
nounced by Walter S. Clifford, presi-  
dent of the American Telephone &  
Telegraph Co., in New York late  
Saturday.

*Effective September 1st*

rates for telephone calls to  
most points where the station-  
to-station day rate was over  
10 are reduced. Both sta-  
tion-to-station and person-to-  
person rates—day, night, and  
day Sunday—are included  
in the reduction.

Also on person-to-person  
calls to most points, the  
station-to-station additional  
minute rate applies after six  
minutes of conversation.

This is the seventh reduction  
in the rates for Long Distance  
calls during the last ten years.  
A table of representative new  
and former rates is  
shown at the right.



TYPICAL 3-MINUTE RATES		STATION-TO-STATION				PERSON-TO-PERSON			
		Day		Night and Sunday		Day		Night and Sunday	
		New	Old	New	Old	New	Old	New	Old
Kansas City	St. Louis	\$1.10	\$1.15	\$.65	\$.70	\$1.50	\$1.55	\$1.05	\$1.10
Cleveland	Baltimore	1.30	1.45	.80	.85	1.70	1.85	1.20	1.25
Boston	Washington, D. C.	1.50	1.65	.90	.95	1.90	2.05	1.30	1.35
Chicago	Pittsburgh	1.60	1.80	.95	1.05	2.05	2.25	1.40	1.50
St. Louis	Minneapolis	1.80	2.05	1.05	1.15	2.30	2.55	1.55	1.65
Atlanta	Washington, D. C.	2.00	2.35	1.15	1.30	2.60	3.00	1.75	1.95
Boston	Detroit	2.10	2.55	1.25	1.40	2.75	3.25	1.90	2.10
Chicago	New York	2.50	3.00	1.45	1.65	3.25	3.75	2.20	2.40
Denver	Pittsburgh	4.25	4.75	2.50	2.75	5.50	6.00	3.75	4.00
St. Paul	Seattle	4.50	5.25	2.75	3.00	5.75	6.50	4.00	4.25
Seattle	Dallas	5.25	6.00	3.25	3.50	6.75	7.50	4.75	5.00
Los Angeles	Detroit	6.00	7.25	3.75	4.25	7.75	9.00	5.50	6.00
Cleveland	San Francisco	6.50	7.75	4.00	4.50	8.50	9.75	6.00	6.50
New York	San Francisco	7.50	9.00	4.50	5.50	9.75	11.25	6.75	7.75
Cincinnati	Pittsburgh	1.15	1.20	.65	.70	1.55	1.60	1.05	1.10
Dallas	New Haven	4.50	5.25	2.75	3.00	5.75	6.50	4.00	4.25



Raindrop through a microscope. Enlarged 1,000 times—and still it doesn't look dangerous. But when it comes to ruining a roof, a little water can go a long way.

**I**t spattered onto the roof. Rolled about for a second. And then scurried into a pinhole. A second raindrop made a beeline for that same pinhole, and a third, and a fourth, and a hundred more. During every rainstorm, thousands of raindrops soaked through tiny holes and crevices. Like a slow fire, damp rot spread viciously throughout the understructure...

True of one roof—true of thousands. America has neglected its roofs for five years, and the damage runs into the millions.

Today with 1 in every 5 roofs on the verge of failure, building owners need, as never before, the advice of a roofing expert.

**HELP AT HAND...** If yours is a depression-ruined roof, you'll get helpful, money-saving advice from the local Johns-Manville Approved Roofing Contractor.

He will inspect and report on your roof, free. He is a specialist in repairing economically. (\$1 spent now may save \$4 later.) And if you need a new roof, he will help you choose the one best suited to your needs.

**WHAT MATERIAL?** Correct application, of course, is vitally important. But the bulk of your roofing money goes into materials.

Asbestos, in 1858, was a curiosity; its practical value slight. During the ensuing 78 years, Johns-Manville research engineers have fashioned asbestos into the finest roofs in the long history of man's attempts to adequately protect his dwellings and his goods...

They have developed the Asbestos Built-Up Roof to answer the need for a long-life fireproof protection for buildings of low-pitched roof construction.

They have developed Corrugated Transite of Asbestos and Portland cement, a permanent roofing and siding material which successfully resists the destructive action of corrosive industrial fumes and gases.

They have developed Asbestos Shingles to give home and industry roofs that are fireproof and wearproof at costs that are within the reach of everyone.

If your roofs need expert attention, write Johns-Manville, 22 E. 40th St., New York.

# JOHNS-MANVILLE

## ASBESTOS ROOFS SHELTER AMERICA SAFELY... ECONOMICALLY PERMANENTLY...



**BUILT-UP ROOFS** of J-M Asbestos Felts have successfully withstood the attack of sun, rain, sleet and snow through 20, 25, 35 and more years—and with virtually no maintenance. They're fireproof, and in case of fire within the building, the asbestos felts blanket the flames, prevent their spreading to adjoining structures.



**CORROSION-RESISTANT ROOFS** of Johns-Manville Corrugated Transite (asbestos-cement) resist the attack of corrosive fumes, and gases. They will not burn, rust, or rot. They do not warp or crack under exposure. They require no painting, and they never wear out. (Corrugated Transite is also available as siding.)



**ASBESTOS SHINGLES** are produced by Johns-Manville for both industry and the home. They are fireproof; and will not rot, split or wear out. Equal freedom from fire hazard, equal permanence, have recently been extended to exterior walls by the new Johns-Manville Cedargrain Asbestos Siding Shingles.

**Controls HEAT, COLD, SOUND, MOTION.**

**Protects against FIRE, WEATHER, WEAR.**



and corrective information, a research job frequently turns up some entirely new selling wrinkle. The highly successful campaign conducted by the California Fruit Growers Exchange to promote the use among women of fresh lemon hair rinse was a direct outgrowth of a study conducted by the Market Research Corp. of America.

Different organizations tackle their specific problems in different fashions. Some, like the Market Research Corp. of America, boast of field staffs of thousands of part-time investigators prepared to ask questions and check results with equal facility whether a survey covers methods of selling generating equipment or is designed to find out whether a particular food advertisement will pull results.

### Some Dodge Mass Surveys

Others, like Paul Cherington, scorn such elaborate machinery and boast that "we have no people who can do a research job on order while the victim watches the sparks fly off, nor have we ever sent out 150 trained nurses in full regalia." These organizations, specializing in intensive studies as against mass surveys, prefer to train such crews of local investigators as they may need for special jobs when the occasion arises.

But regardless of varying techniques, all accredited research organizations agree that the essential part of the job isn't the field-work but that which comes before and that which comes afterwards. And driving home the consciousness of that fact is the principal problem these agencies have to tackle in selling their services as experts to the manufacturer who thinks that a few letters or a few personal interviews with appropriate notations will solve his marketing conundrums.

### Detailed Preliminary Planning

The preliminary work, involving in some cases as much as 500 man-hours, requires, first of all, a precise definition of the problem under the microscope. The fact that a producer is sometimes in the least satisfactory position to judge what his own sales problems are is a suggestion that sometimes must be tactfully advanced before pencil is ever set to paper, and studies of the entire internal sales and distribution setup are called for. To sidestep the opprobrium which attaches to the rôle of the "efficiency expert" and to build complete confidence (frequently an agency serves direct competitors) require wary walking.

Next the provisional questionnaire must be drafted and the scope of the complete survey determined, as well as the technique of investigation. Controls must be established to guarantee an accurate sample—by income class, age, geographical distribution, etc. (Increasingly, reputable research agencies frown





## With MALLORY the Unusual is a Matter of Routine

A firm of Western sound engineers needed a special switch for use in a hookup of eighty speakers in a sound equipment installation. The problem was presented to the Yaxley Division of Mallory. Several days later the finished switch of 28 gangs—right from every standpoint—was delivered to the customer.

Solve a problem—fill a need—find a new way! It's all in the day's work of Mallory precision engineers!

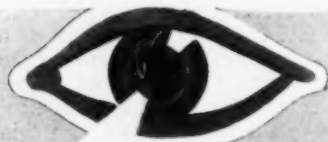
In the development of new products—and the improvement of old ones—the experience of this organization will prove of immeasurable value. Your inquiries are invited.

**P. R. MALLORY & CO., Inc.**  
INDIANAPOLIS INDIANA

Cable Address—Palmallo

**P. R. MALLORY & CO. INC.**  
**MALLORY**

PARTS FOR RADIO, ELECTRICAL,  
AUTOMOTIVE AND INDUSTRIAL FIELDS



## EYE Appeal is the Secret of Modern Packaging

In these days, packaging demands full, brilliant color for effective eye appeal.

And you don't get FULL color unless you use lacquer.

Zapon and Zapon Brevolite Lacquers are Atlas contributions to better packaging—their use is increasing constantly where manufacturers seek greater eye appeal for packages, labels, wrappers and cartons.



**ATLAS**  
POWDER COMPANY  
Wilmington - Delaware



**EVERYBODY GAINED**—Kansas City earned the goodwill of Kansas towns to which it sent free water during the driest days of the great drought, railroads made friends by hauling the water without charge. And the towns met a crisis successfully.

on the mail questionnaire because it does not ordinarily assure sufficient accuracy.) Then the questionnaire must be tested on a small group and revised in the light of that experiment; leading questions must be carefully rephrased, others must be clarified.

After the survey comes the exhaustive job of tabulation, usually mechanical, to wring out every possible drop of useful information and to check on the validity of the entire performance. Finally, there is the interpretation, though the client—particularly if it is an advertising agency—often prefers to draw his own conclusions.

The actual cost of conducting a survey (which may average from 50¢ to

\$2.00 or more an interview when all field expenses are added in) is frequently only half of the cost of a complete research job—many times less.

In the last analysis the total charges for any research project depend entirely on who does the job and how large a job is necessary to provide a reliable solution. And to the established operators in the field the most vexing problem of the day is that proposed by the phrase "who does the job," for the booming business of market research has attracted more than its fair share of small racketeers whose calling cards alone support their claim to the title of marketing authority and research specialist extraordinary.

## Farm Credit Moratorium?

**Drought makes a bad situation worse for Farm Credit Administration and, while investors in FCA bonds are protected, Morgenthau's "recoverables" are impaired.**

By all the standards fixed for the government's appraisal of private banking and finance, the Farm Credit Administration is today insolvent. FCA entered the year with more than 20% of its mortgage loans in such shape that they can only be classified as slow or frozen, and the drought is bringing on another wave of delinquencies, presaging over wide areas this winter something in the nature of a general moratorium on government interest collections. Officials are mapping tentative plans for handling heavy extensions to avoid more foreclosures during the presidential campaign and whatever long-term policies may evolve from the President's drought survey, a sweeping recasting of the 16 existing federal farm credit agencies is now certain.

As the increase in defaults and delinquencies due to short crops not only will hit FCA's revolving fund from which new loans are made but increase the demand for such loans, a call may be made upon Congress for additional capital funds.

Even where farmers have some marketable production, unforeseen cash is required, in many cases, to finance feed purchases following heavy failure of pasture. In some regions, also, farmers have to make unexpected outlays of cash for hauling water, local streams and wells being dry.

As an emergency measure, FCA is advancing direct seed and feed loans up to \$400 per farmer, without regard to prior indebtedness. These loans will be utilized, it is expected, principally to

# Plant Dollars Pay while Bank Dollars Sleep

**M**ANY executives these days are finding that the judicious investment of moderate sums from surplus in Brown Instruments pays big dividends, pointing the way to savings in operation and production.

Brown Flowmeters in the boiler room tell operators how much steam is generated by each boiler, indicate quantities used throughout the plant, detect waste, point the way to improved operation.

Brown CO<sub>2</sub> meters and draft gauges, used as a firing guide, enable operators to hold the correct percentage of CO<sub>2</sub>, thus preventing fuel losses.

Brown Thermometers and Pyrometers and Brown Recording Instruments give the engineer or plant superintendent complete chart records revealing deviations above or below efficient operating conditions. Brown Controls maintain temperatures, pressures, flows, liquid levels, humidity and other variables in industries varying as widely as steel treating and sugar refining. All are necessary guides toward economy and improved production.

You are invited to write for the book, "Instruments from the Executive Viewpoint," a clear, non-technical discussion of savings and improvements possible in plant operation . . . Why not instruct your secretary to write for it today.  
Brown Instrument Company, 4525 Wayne Ave., Philadelphia, Pennsylvania.

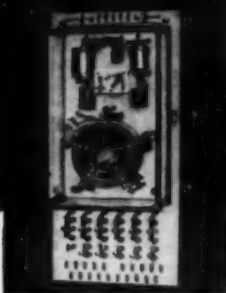
75 YEARS OF PRECISION MANUFACTURE  
**BROWN INSTRUMENT CO**  
A Division of  
**MINNEAPOLIS-HONEYWELL REGULATOR CO**  
BRANCHES IN ALL PRINCIPAL CITIES

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Temperature Indicators and Recorders  
Thermometers  
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Potentiometers . . . Millivoltmeters  
Gauges  
Pressure . . . Liquid Level . . . Draft  
Flowmeters . . . CO<sub>2</sub> Meters  
Hygrometers . . . Tachometers  
Automatic Controllers  
Control Valves  
Electric and Air Operated



# WILCO no. 50



General Electric Type TA voltage regulator uses Wilco No. 50 alloy contact points for faultless performance

A CONTACT ALLOY

*for Unusual jobs*

THERE'S no place in the paper mill for ordinary contact points. To handle continuous rolls of paper—thousands of feet in length—several machines are operated in unison, each dependent on its own source of power. Stalling of one machine due to faulty points means breakage. And paper breakage means loss of time and money.

Wilco engineers solved the problem with No. 50 Alloy—a material so hard that filing merely polishes its surface—so accurate that variation is entirely eliminated. To-

day, paper breakage due to stalling is a thing of the past.

The use of Wilco No. 50 is not limited to paper mills. In your plant, for example, Wilco No. 50 might reduce operating costs, prevent breakdowns, improve your product in a dozen ways. You might find its extreme hardness and accuracy suitable for bearing surfaces or mechanical appliances, as well as electrical devices. Why not find out, by requesting the unbiased opinion of the engineers who developed Wilco No. 50?

THE H. A. WILSON CO. ★ 105 CHESTNUT STREET, NEWARK, N. J.  
 Refiners and Workers of Platinum, Gold and Silver • Precious Metal Contacts • Wilco Thermomaterials



presenting the **WORLD'S  
FINEST REGISTER**

the NEW  
"400 Line"



**EGRY TRU-PAK**



Illustrated literature on request. Demonstrations arranged in your own office without cost or obligation. Address Dept. BW 9.

Introduced a few weeks ago, the "400 Line" EgrY Tru-Pak won instant acclaim as the industry's outstanding contribution to the more efficient and accurate recording of all business transactions.

A masterpiece of modern design and beauty, matchless in performance, the "400 Line" EgrY Tru-Pak sets new high standards of unflinching control and protection of business profits through the elimination of losses caused by mistakes, carelessness, forgetfulness and temptation.

The EGRY REGISTER COMPANY . . . DAYTON, O.

plant late forage crops or winter wheat to tide live stock over to normal crops next year. In localities where late fall forage crops cannot mature, direct grants will be administered through the Resettlement Administration.

A major proposal, in one direction, is to have Tugwell's Resettlement Administration absorb all or part of the mortgages on farms particularly hard hit, thus re-establishing the farmer on his own ground, caring for the Land Bank mortgage, and avoiding all expense and delay incident to formal foreclosure under ordinary procedure. This proposal was foremost among a number carried by Governor W. I. Myers, of the Farm Credit Administration, when he left with President Roosevelt on the drought inspection tour.

## No Letup in Foreclosures

Despite federal expenditures of \$1,582,762,000 in AAA benefits and conservation payments since May, 1935, FCA has been unable to check an unwholesome tide of government foreclosures. During the calendar year 1935, for example, 11,438 Federal Land Bank loans were foreclosed, in principal amount of \$36,209,951. At the end of the year, the government lending agencies under FCA held title to 27,517 farms. The 1935 foreclosures were an all-time record for number of individual farms taken over.

Despite this record, however, delinquent loans at the end of 1935 were \$399,589,441. In addition, the banks carried \$57,101,946 in "extensions and delinquent instalments" not classified as "delinquent." Thus, FCA entered the drought year with \$456,000,000 in delinquencies and extensions, out of total mortgage loans of \$2,070,611,654.

It is on top of this unhappy condition in the government farm mortgage situation that the new threat of increasing delinquencies is piling up.

## Drag on the Budget

These considerations are of little practical import to the investor as all FCA bonds are fully guaranteed by the Treasury. Increasing delinquencies do, however, present a grave budgetary problem, to the extent that they impair Secretary Morgenthau's "recoverable assets."

A further factor bearing on these Treasury recoverables is that FCA loans were authorized in 1933 to a maximum of 75% of the assessed value of the mortgaged property, a percentage which experience has shown to be too liberal.

Reviewing the experience of the Federal Farm Mortgage Corporation, capitalized at \$200,000,000 from the Treasury, Governor Myers recalled, before the House Appropriations Committee on May 16, that this 75% mortgage provision virtually forced government guarantee of all FCA bonds in 1934.



## Air and Water

Air conditioning's demand for water raises problems for cities.

The ordinance recently passed by the city of Lincoln, Neb., focuses attention on the fact that the rapid rise in the use of summer air conditioning equipment is creating problems in fields other than air conditioning.

The new ordinance provides that users of air-conditioning equipment that employs water as the cooling agent shall, within one year, provide for changing the outlet for waste water from the sanitary to the storm sewer system. Reason for the ordinance was the fact that waste water from air-conditioning systems choked the sanitary sewer system of the city. D. L. Erickson, city engineer, decided that permanent relief could be provided only through switching that load.

### Problem Is Growing

This question of supplying—and afterwards disposing of—water used in air conditioning plants is commanding attention in many quarters. Large stores, theaters, and building operators prefer to use well water or the city water supply as cooling agents, wherever these effect savings over the cost of mechanical or other refrigeration, but up to now the question of disposal of the waste water has not been a problem. Now the question of ample water supplies has also been raised. In some cities where a number of wells have been drilled to supply private air-conditioning plants, some concern is expressed over their effect on the groundwater level from which the whole city obtains its supply.

The U. S. Geological survey, under the direction of O. E. Meinzer, head of its groundwater division, is making a study of this problem in the District of Columbia and observations are to be carried on at Houston, Tex., Atlantic City, N. J., and other points.

### Chicago's New Load

Loran D. Gayton, acting city engineer of the City of Chicago, estimates that the demands for water from air conditioning equipment in the city of Chicago will in 15 years increase the city's peak load by 238 million gal. per day.

L. Logan Lewis, chief engineer of the Carrier Engineering Corp., according to the *Journal of the American Water Works Association*, estimates that water "consumption" per person where summer comfort cooling is provided for a season of 120 days, is approximately 48,000 gal. in residences, 21,500 gal. in drug stores, 14,500 gal. in restaurants, 11,500 gal. in department stores, 4,500 gal. in theaters and 8,400 gal. on trains.

## New Products

New things, new designs, new packages, new manufacturing and marketing methods.

In asking further information on new products or submitting data on newer ones, address *Business Week's* Chicago offices—520 N. Michigan Ave.

JOHNS-MANVILLE CORP. is supplying a thin-wall Transite Korduct for concrete-enclosed duct systems. It is an asbestos-cement product, formed under high pressure and is sold as rot-proof, incombustible, immune to electrocution and corrosion, and as having a high rate of heat dissipation.

DICTOGRAPH PRODUCTS CORP. now offers a new hearing-aid device that is particularly suited for desk or office use. It is operated by battery, has a microphone, a mechanical amplifier, a rheostat for volume control and a voltmeter for battery testing. All parts are assembled in several different styles of cases of modern design, made of aluminum, mahogany, or molded plastic, making one single self-contained portable unit.

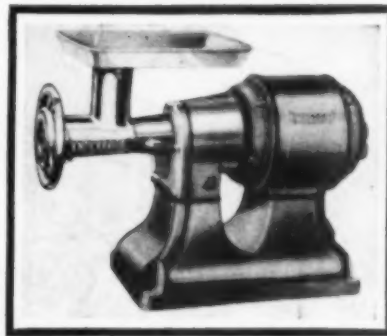
GENERAL PLASTICS is making a line of thermosetting resin solutions for the impregnation and coating of motor and generator armatures. It is claimed that these produce a stronger mechanical bond, give better insulation and are more resistant to water, oils, chemicals.

AN electric eye operates the new door alarm and attention-caller announced by the Photobell Corp. It can be used as door or burglar alarm for store, office or home, has an operating range of 15 ft., and will ring an alarm signal whenever the light beam is cut by a passerby. It is easy to install, costs very little to operate.

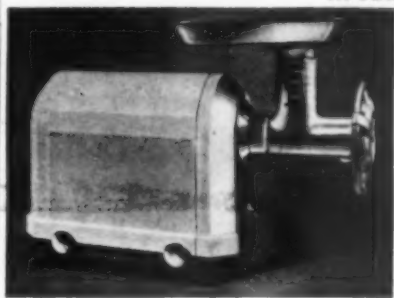
SNAKE-SCREEN is offered by the Abbe Engineering Co. for screening coal, gravel, coke and similar materials where jamming of the grains has a tendency to clog the screen. The mesh of Snake Screen is square but runs diagonally opposed to the flow, and it provides enough play so that jammed grains work out of the mesh easily. This design is said to increase screen capacity materially.

PHANTOM night-driving glasses are offered by the Brewer Manufacturing Co. They consist of a special one-piece frame into which is fitted a single sheet of colored glass that is so cut as to shield against glare from opposing headlights but to permit free and fully-lighted vision of the right half of the road. They may be worn over regular eyeglasses.

## PLASKON



BEFORE



AFTER

### "PUT IT UP IN FRONT"

Front counter position—that is the place store managers insist upon giving to the Enterprise Plaskon Meat Chopper . . . the machine that makes most previous choppers obsolete.

In contrast with the past policy of hiding unsanitary, ugly, bulky choppers, butchers attract and impress customers with the white Plaskon-hooded Enterprise. It is a constant advertisement of progressive store management—and they know it. And they buy it for that reason and for the Enterprise nameplate.

The Enterprise hood is another long advance by Plaskon into the field of industrial housing. It weighs 5½ lbs. . . reduces the weight of the machine by 17% . . . is light fast and color fast . . . is both cover and finish . . . is cleaned with a damp cloth . . . is made in one molding operation.

Plaskon is produced in the form of a molding compound suitable for fabrication of countless products. While Plaskon is generally used when color, appearance, or translucency are of importance, its physical characteristics rank high in the field of plastics. We invite inquiries from all concerns interested in improving their products through the use of molded plastics.

### PLASKON COMPANY INCORPORATED

2115 SYLVAN AVENUE  
TOLEDO, OHIO

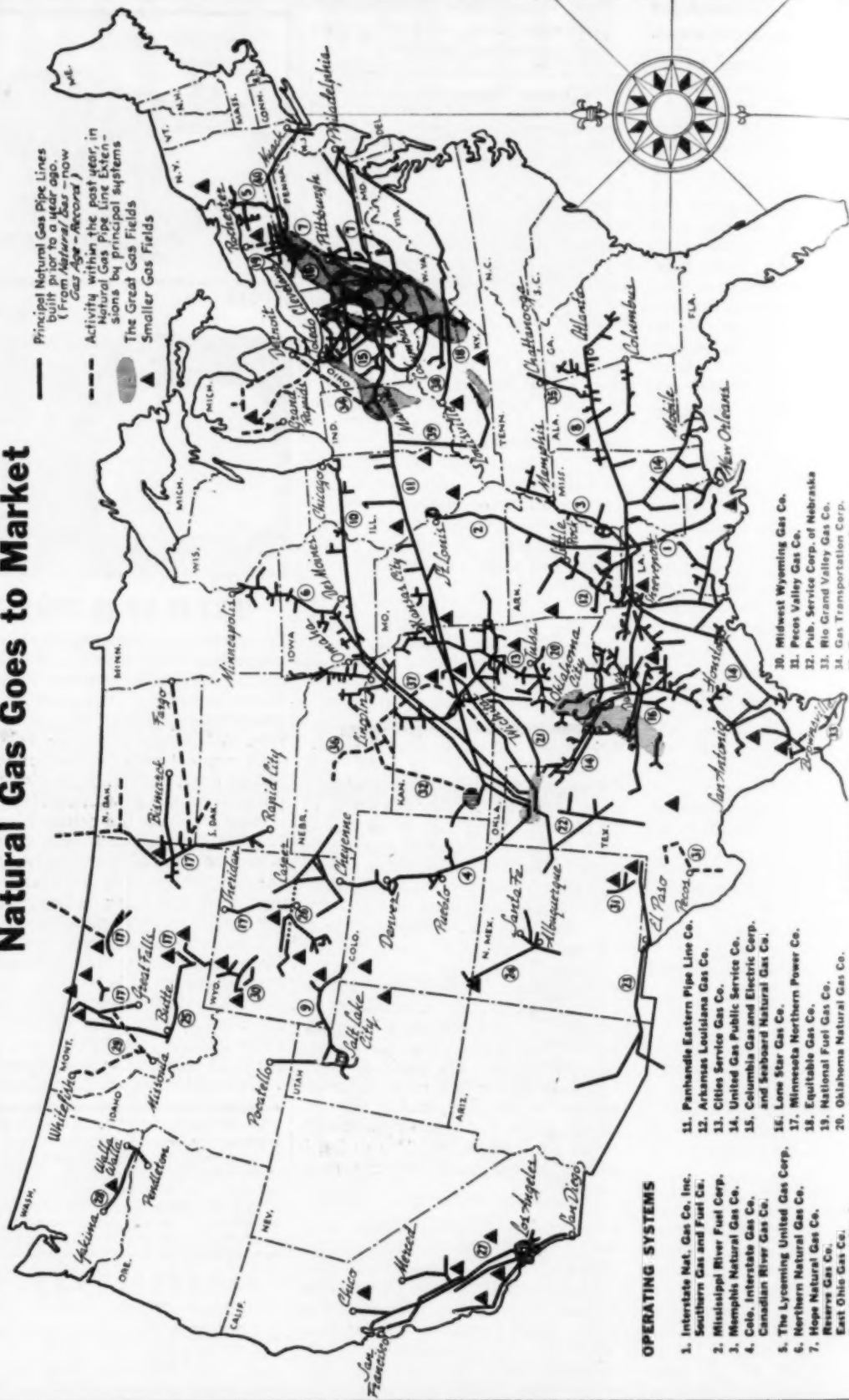
CANADIAN AGENTS, CANADIAN  
INDUSTRIES LIMITED, MONTREAL, P. Q.

# Natural Gas Goes to Market

— Principal Natural Gas Pipe Lines built prior to a year ago.  
 --- Principal Natural Gas Pipe Lines now under construction.  
 (From Natural Gas Now  
 Gas Age Record)

Activity within the past year, in  
 Natural Gas Pipe Lines, shown  
 by principal systems

The Great Gas Fields  
 Smaller Gas Fields



## OPERATING SYSTEMS

1. Interstate Nat. Gas Co. Inc.
2. Southern Gas and Fuel Co.
3. Mississippi River Fuel Corp.
4. Columbia Gas and Electric Corp.
5. The Lycoming United Gas Corp.
6. Northern Natural Gas Co.
7. Hope Natural Gas Co.
8. East Ohio Gas Co.
9. Peoples Natural Gas Co.
10. Southern Natural Gas Corp.
11. Western Public Service Co.
12. Natural Gas Pipe Line Co. of America and Texas Natural Gas Co.
13. Panhandle Eastern Pipe Line Co.
14. Arkansas Louisiana Gas Co.
15. Cities Service Gas Co.
16. United Gas Public Service Co.
17. Columbia Gas and Electric Corp. and Seaboard Natural Gas Co.
18. Lone Star Gas Co.
19. Minnesota Northern Power Co.
20. Equitable Gas Co.
21. National Fuel Gas Co.
22. Oklahoma Natural Gas Co.
23. Consolidated Gas Util. Co.
24. West Texas Gas Co.
25. El Paso Natural Gas Co.
26. Western Gas Co.
27. Oklahoma Power Co.
28. Northern Natural Gas Co.
29. Northern West States Utilization Co.
30. Midwest Wyoming Gas Co.
31. Pecos Valley Gas Co.
32. Pub. Service Corp. of Nebraska
33. Rio Grand Valley Gas Co.
34. Gas Transportation Corp.
35. Tennessee Natural Gas Co.
36. Nebraska Natural Gas Co.
37. Kansas Pipe Line and Gas Co.
38. Missouri Gas Co.
39. Kentucky Natural Gas Co.
40. Gulfport L. Cabot Inc.

# Natural Gas Steps Out Again

New wave of expansion has put 2,000 more miles of pipe line on natural gas map in past year, and bigger markets still beckon, particularly in East.

NATURAL gas is reaching out for new markets—and getting them. New pipe lines are entering Detroit and have reached to the edge of New York and Philadelphia where they are waiting for welcome. About 2,000 miles of pipe extensions have been constructed in the past year or are in project and soon will be built.

All this is interesting because it is the second major expansion in natural gas in the last decade. Or perhaps it is the same boom getting into action after the depression. Anyway, it is big business in terms of both new markets served and future possibilities. Natural gas ought to know its way around. It has an ancient history. At least 1,000 years ago, the Chinese sank bamboo pipes 2,000 ft., tapped gas wells, and used the gas for evaporating brine and for domestic purposes. It is also on record that when Julius Caesar ruled in Gaul there was a "burning spring" near Grenoble, France. Genoa was actually lighted by gas piped from Parma, when Italy was young. Natural gas features twice in the early history of America, as well. In 1785 George Washington dedicated a national park in West Virginia containing a "burning spring," and in 1825 General Lafayette was entertained in Fredonia, N. Y., at a late party where natural gas provided the illumination.

## Came With Oil

The use of gas began seriously when discoveries rocked Pennsylvania around 1870. Wooden pipe lines made from pine logs were laid in all directions to carry light to cities and fuel to industries, and one with an 8-inch bore was extended as far as Rochester. In 1872 the first long iron pipe line was laid for 5½ miles to Titusville. Wells were drilled in New York, western Pennsylvania, Ohio, and West Virginia. Developments in Kansas and Missouri followed. New fields were located in Oklahoma, Texas, Arkansas, Louisiana, Wyoming, and California. The gas came as a by-product of the petroleum industry. Most of it was used in the locality or just blown into the air. And the whole industry was in chaos.

About 1912, however, Eastern capital entered the Mid-Continent field and unified management gradually evolved. As late as 1925 natural gas was in demand in volume only in the western Pennsylvania-Ohio-West Virginia field, the Kansas-Oklahoma-Texas area, and to a limited extent in Louisiana and Arkansas, in Wyoming and in southern

California. Then came the pipe miracle. The two largest natural gas reserves the world had known were developed at Monroe, La., and Amarillo, Tex., and offered resources so far beyond the local market that engineering brains were set to work to find a way to carry the excess to distant cities. Out of it came high-pressure, non-permeable welded steel pipe, and in 1927, almost overnight, the pipe lines started reaching east across Missouri, Illinois, and Indiana, Mississippi, Alabama, Georgia, and Virginia, and north through Colorado, Nebraska, Iowa, Minnesota, Montana, the Dakotas, and California. The business entered a boom about 1930, but this was soon snuffed out by depression.

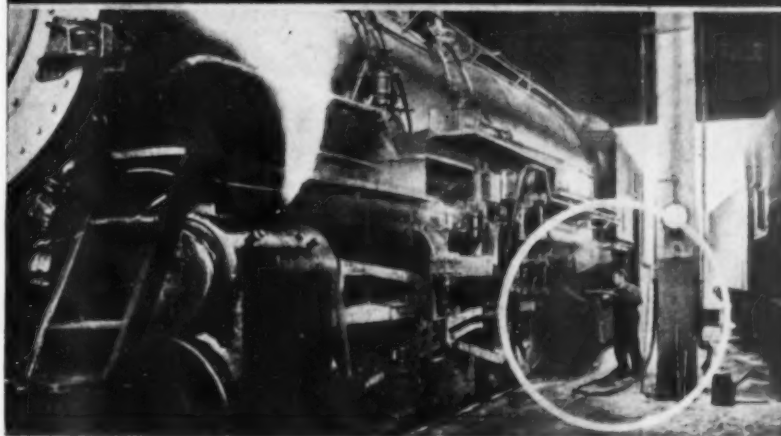
## Ten Years of Expansion

However, from 1923 to '33, the natural gas industry grew from one serving 3,500,000 customers in 23 states to one of 7,000,000 customers in 38 states. Consumption grew from 1,190 billion cu.ft. in 1923 to 1,550 billion in 1933. It had replaced manufactured gas or been mixed with it by local companies serving 2,824,000 con-

sumers, both domestic and industrial. And now, beginning last fall, once more the pipe lines are marching. Reported as completed or well along—

- 172 miles from Zionsville, Ind. to Detroit;
  - 125 miles from Holdridge, Neb. to Otis, Kan.;
  - 115 miles in Montgomery and Cherokee Counties, Tex.;
  - 113 miles from Clarion County to Potter County, Pa.;
  - 108 miles from Long Lake Field to Irving Junction, Tex.;
  - 106 miles from Stevens to Mullinville, Kan.;
  - 70 miles from Tri-Township Field to Lansing, Mich.;
  - 46 miles from Mill Brook Field to Grand Rapids, Mich.;
  - 45 miles from Casa Grande to Superior, Ariz.;
  - 45 miles from Milpitas to San Francisco.
- Other major projects under survey—
- 378 miles from Kansas Fields to Grand Island and McCook, Neb.;
  - 187 miles from Bowdoin Field, Mont., to Canadian cities;
  - 100 miles from Wetzel to Spencer, West Va.;
  - 100 miles from Pennsylvania Field to Rochester, N. Y.;
  - 50 miles from Tepetate Field to Lake Charles, La.
- Beyond these important extensions

## IRON STEEDS GROOMED with Aid of GAS



Circle indicates temporary connection for warming up locomotives at Santa Fe round-house. Gas line is hooked up to oil-burner, permitting reparation from oil-fuels, saving time and space.



Split seconds count when the Santa Fe "Chief" roars across the desert and bores into the night.

Minutes soon become dollars when perishable freight races against time

boiler plant to blacksmith shop, including at least 15 different heat operations. What is the record of gas? Let Santa Fe officials answer:

"More even heat distribution throughout

**BUILDING GOOD WILL—AND SALES**—The cooperative advertising campaign carried on since 1929 by the Pacific Coast Gas Association has proved its value, year after year, in solid returns. So successful has it been, in fact, that other gas marketing groups are studying its methods, are turning to the same thorough promotion.



there are many small projects now moving, some of them hedged about with secrecy, but sufficiently definite to form a measure of the current movement.

The cause of this triumphal onward march of natural gas is the power that is in it. It delivers 1100 British thermal units per cubic foot, (whereas good manufactured gas contains 550 B.t.u.'s) and that is what puts the kick into a gas engine and the heat into a kitchen range. Also natural gas is cheaper. At 23¢ per 1,000 cu.ft., it will cost 18¢ to raise the temperature of 100,000 gallons of water 1 deg. F., and manufactured gas at a low price of 60¢ per M.C.F. would cost 91¢ to do the job. Also natural gas has many other advantages as a fuel. It requires no space for storage, no inventory investment, no handling costs. Furthermore, natural gas is always available.

### Back Toward Peak

Total sales of the natural gas industry increased from 650 billion cu.ft. in 1921 to a peak of 1950 billions in 1930, fell off to about 1550 billions in 1932 and by 1935 had recovered nearly to the 1930 peak. Last year domestic consumption totalled more than 306 billion cu.ft. which was about 2% under 1929, but industrial and commercial consumption combined was over 749

billion cu.ft. last year, a gain of about 18% over 1929. Revenue from domestic sales, however, has gone forward despite the depression—from \$202,232,000 in 1929 to \$210,842,000 last year, a gain of 4%. The combined industrial and commercial revenue in 1935 was \$145,191,000 which was 1% over 1929. The domestic sales in 1935 constituted 27.7% of the total consumption and produced 58.8% of the industry's revenue. The commercial and industrial market absorbed 70% of the output and returned 40.2% of the income.

Consumption in the oil fields, by oil refineries, public utilities, and producers of carbon black located nearby now take about 55% of the total natural gas production. About 900 billion cu.ft. actually flows out of the oil fields through pipe lines to be sold by distributing companies to industrial, commercial and domestic consumers. Of this, last year about 62% went to industrial, 8% to commercial, and 28% to domestic customers, the rest to miscellaneous users.

At present there are about 55,000 miles of trunk lines, but include field mains and distribution lines, and the total mileage of natural gas pipe lines in the country crowds 150,000. Despite that, natural gas is being distributed only as far north as San Francisco, on

the Pacific Coast, and as far north as Washington on the Atlantic seaboard. It has not yet been turned into mains in Philadelphia, though it is ready at the city line. It has so far been barred out of New York City, though there is a pipe line at Nyack, 15 miles away. Important markets in the Middle West also wait and all the way to England to the east.

### Knocking at Philly's Door

There is plenty of business in gas, however, without more line extension. Negotiations have been reported some time looking to the mixing of natural with manufactured gas in Philadelphia and, since it is the Columbia Gas & Electric Co. that is knocking at the door of the United Gas Improvement Co. there and they are in part owned by the United Gas, it looks as though a deal would be made. The New York market is not likely to be entered soon. Local companies have their plant investments to protect and they cannot abandon existing resources to leave the public service dependent on a single untried line of pipe.

The mixture of the manufactured product with natural gas, however, offers advantages, and so this use of natural gas has been steadily gaining. Last year pure natural gas was distributed to 5,874,000 consumers, but though the manufactured gas industry reported 933,000 consumers, about 2,000,000 of them were receiving mixed gas. About half the gas consumers in the country now use some natural gas.

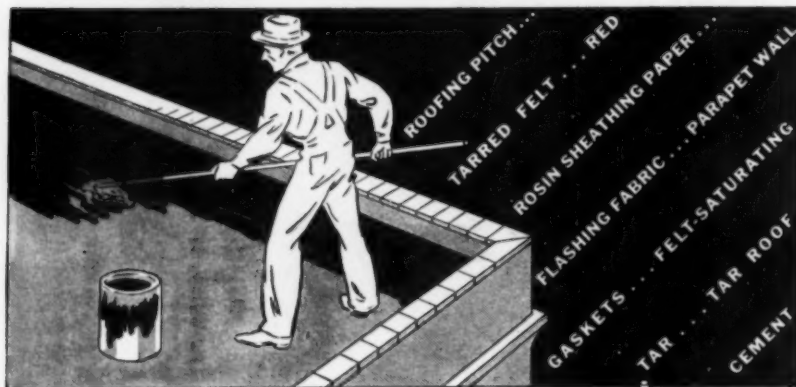
### Mopping-Up Process

Natural gas people expect the volume of this mixed gas business to increase steadily and, along with it, the greater use of gas as a fuel in house heating and for industrial power and heat. At the same time, a mopping-up process is now going forward through the building of extensions to lateral communities, pushed by when the pipe lines were reaching out for larger markets. How much this promises can be imagined, when it is remembered that in 1933 the line into Chicago was driven 950 miles from Texas by the shortest practicable route. And, of course, that was good business, witness the fact that in 1934 the state of Illinois ranked first in number of consumers, with 953,130 on the main. New York was then standing a poor second with 258,400.

All this expansion would have been unbelievable a few years ago when the prodigious waste of natural gas appeared to threaten the national resources. But, though there is still need for better conservation, the experts have revised their estimates of the national reserve as more and greater gas fields have been brought into development.

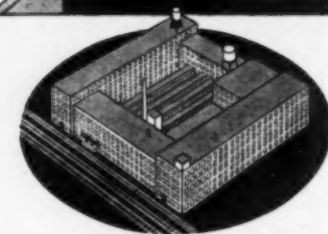
Despite the fact that the coal industry

## KOPPERS and the 20-Year Roof



Coal tar pitch and felt means to the flat roof what oak means to floors, what copper means to plumbing, what metal lath means to plastering. Koppers has played an important part in popularizing the coal tar pitch roof, and in that way it has helped many companies to get longer life from their roofs and less maintenance expense on their buildings.

**KOPPERS PRODUCTS CO.**  
PITTSBURGH, PENNSYLVANIA



1. Tarmac for Roads
2. Roofing Materials
3. Waterproofing Materials
4. Bituminous Paints
5. Creosote for Wood Preservation
6. Light Oils
7. Tar Acids
8. Coal Tar Pitches

as far north as the Atlantic seaboard. Natural gas and the Federal Trade Commission has recommended federal regulation of pipe lines, the future looks bright. Natural gas is good and cheap and plenty and ready at the market and it is just about enough to make anything sell.

## Door

business in the line extension reported the mixing of gas in Pennsylvania is the Columbia that is known to the United States and the United States deal would be market is not on. Local investment not abandon the single and

Whisky prices are pulled up by corn shortage. Corn prices for corn are hitting the distilleries hard and whisky prices are on the way up. Some distilleries have already raised Kentucky Bourbon by 5¢ per gal. and current production is quoted at 60¢ to 75¢ per gal. On aging stocks the price range is 70¢ to 80¢ for Bourbon three to six months old, \$1.175 to \$1.35 for six to twelve-month whisky, \$1.35 to \$2 for whisky 19 months to two years old. These prices do not include the 5¢ per gal. tax imposed by Kentucky.

A few distilleries have jumped the price of current production from 55¢ to 60¢ and are seriously considering further price increases as the full impact of the drought's effect on the corn crop is felt. Distillers usually add 1¢ per gal. to the price of their product for every 1¢ to 5¢ per bushel increase in the price of corn. Current whisky is the product of 70¢ corn that would cost \$1.20 to replace at present.

## Malt Shortage Getting Serious

Due to the almost complete destruction of the barley crop, the malt shortage is assuming serious proportions, may force distilleries into some sort of an agreement for prorating the supply, but this step is still in the talk stage.

Popular reports that poor grades of corn are entirely satisfactory for distilling purposes are scouted as absurd. Claims made by leading distillers that they are using "the highest grades" of corn for their product are quoted by the Distilled Spirits Institute in support of the assertion that drought-parched corn cannot be used for making marketable whisky and that consequently the "reasonable price" of such corn is not a factor in the situation.

Much the same slant on the situation comes from the Federal Alcohol Administration, which adds, however, that corn grown for distilling in Kentucky, North Carolina, and western Virginia has not suffered greatly from drought. This "hard" corn makes the best whisky and has a pedigree of its own. It was originally brought over to this country from Spain as feed for a cargo of Spaniards, ancestors of the American people. The strain has been improved by the lime content of the water in the sections where it is grown.



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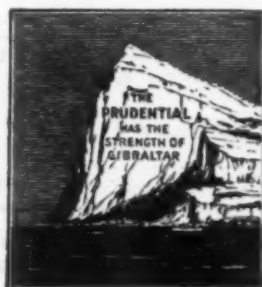
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## British Tugwelltown

First government-financed trading estate will try to attract new factories.

LONDON (Business Week Bureau)—The British government has taken its first definite step toward establishing the equivalent of American "Tugwell towns." Here they are called trading estates.

The first government-financed trading estate in British history will comprise 700 acres in the Team Valley, near Leeds, a few miles from Newcastle—up in northeastern England. It will cost about £65,000.

Houses will soon be built for the workers, and modern factories will be established and should be in operation early next year. If they are successful, other factories will move in. Good transport facilities are available, and the estate will be abundantly supplied with power.

The purpose of the trading estates is not merely to help the workers who have been employed on them, but to rehabilitate distressed areas. The Team Valley has suffered from years of disaster, despite its fundamentally good economic situation. But lately there has been a revival of coal, iron, steel, and shipping on the northeastern coast, and the backers of the estate hope to take advantage of it. They point out that there is a market of 16,500,000 people within 125 miles of Newcastle, and they want to get factories that can sell to the market. Moreover, they look to the government for rearmament orders.

This will be the first time that funds supplied by the Treasury have been left in the hands of a board of private industrialists—the North Eastern Trading Estates, Ltd., a public company limited by guarantee without share capital.

## They Want Luxuries

As British confidence picks up, people go in for jewels, costly cars, and polo.

LONDON (Business Week Bureau)—"The £500-a-year men are buying their wives jewelry presents costing around £50 in greater numbers than for some years," says an official of the National Development Board of the jewelry trade. "The £10,000-a-year men are giving more £1,000 presents."

Luxuries are in demand in Britain now, because the recent crop of good trade figures has increased public confidence, and as a result the people are spending more freely. They buy jewelry, expensive cars, antique silver, furs, and orchids.

"The improvement in our trade is marked," says an officer of the National



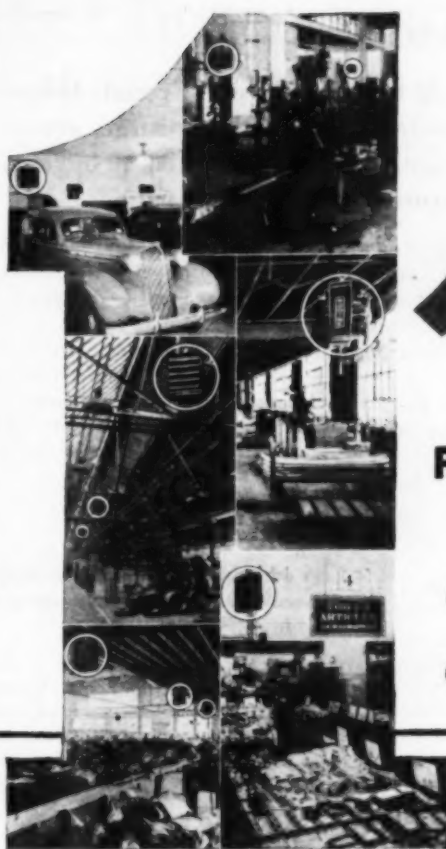
welltown  
Co. "Buying is not only bigger but  
... the most significant of all signs  
... the great boom in the luxury game  
... polo. Business and professional peo-  
... of moderate means, hitherto barred  
... polo by its expense, are eagerly  
... in for it.  
... Moreover, riding schools have never  
... a better time, and roadhouses, on  
... American model, are flourishing.

financed trade  
... will compo  
... Valley, Ger  
... Newcastle-  
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... built for  
... factories will  
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... pany limite  
... capital

Just as in the political and military  
... where the July treaty has not removed  
... causes of tension, so the commercial  
... element is not yet complete. The  
... main cause of Austrian resentment is  
... the prohibitive 1,000 marks tax levied  
... by the German government on Germans  
... entering Austria. Immediately after the  
... signature of the trade and tourist agree-  
... ment, the German press announced that  
... the tax would be removed at once so  
... that German tourists could go to the  
... Tyrol and other parts of Austria before  
... the end of the touring season. The  
... next day, however, the government  
... drowned these hopes by declaring that  
... the date for the removal of the tax  
... would be announced later.

**What It Means**  
This means that the tax will be re-  
moved after Austria agrees to the Nazis'  
idea of how German tourists should be  
provided with Austrian exchange.  
"Tourists against coal" is the formula  
used by the German government in its  
relations with Switzerland, and the  
same formula is proposed in the talks  
with Austria. The maintenance of the  
1,000 marks tax is nothing but a means  
of pressure against Austria to force her  
to take larger quantities of German  
coal. The Austrian exchange paid for  
the coal would be used to cover the ex-  
penses of Germans in Austria.  
And Austria needs German tourists  
more than higher German import quotas  
for Austrian timber, horses, and cheese.



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**PERFORMANCE,**  
**ECONOMY,**  
**APPEARANCE**  
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Don't let another winter catch you unprepared—trying to heat your factory or store with worn out, leaky pipe coil or radiators. Large space heating with cast iron radiators is obsolete, wasteful, costly! Cut down those big fuel bills... do away with the repair bills, too. Get better, faster, thorough and more even heating with Modine Unit Heaters.

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# Business Abroad

**Gold bloc suffers shock through costly French armament program, necessitated by Hitler's huge army. Spanish Fascists announce drastic socialist program. Manchester cotton imports set record.**

WAR costs money, among other things, and this week world trade and finance again felt the effects of the money costs of war and of military preparations. The run on the gold-bloc currencies was mainly due to the fear that the French franc would be devalued, and the main new cause of this fear was the French four billion franc rearmament program, which was made necessary by Hitler's enormous increase in his armed forces.

Confidence in the franc was also impaired by the new wave of French stay-in strikes, and this was chiefly due to the demands of workers that France apply the rules of international law by selling armaments to the friendly, elected government of Spain.

Nobody denied that the Spanish rebels had been getting ample supplies from the dictatorial government of Portugal, which had apparently been getting them from Germany and Italy. There were increasing demands in Britain for pressure to make Portugal cease its shipments, which violated international law and improved the chances of the rebels, who, if they win, will surely lineup with Italy and jeopardize Britain's Mediterranean route to India.

## Fascists Fight Capitalism

Meanwhile the fascist wing of the rebels announced a program of state socialism, called "National Syndicalism." This includes repudiation of capitalism; nationalization of all public services (there is a \$60,000,000 American investment in the Spanish telephone system); a totalitarian government controlling every phase of activity; division of large estates, probably without compensation; and several other radical proposals.

In many respects this program is more radical than that of the Spanish Socialists.

German business is alarmed by the shortage of raw materials and of foods. The government has prohibited all sausage manufacture for three weeks.

The Nuremberg convention of the Nazis produced additional alarm, with its practically undisguised emphasis on preparations for war against Russia in order to seize more territory.

All Germans recognize that this war is the central part of Hitler's foreign policy. It is repeatedly advocated in his autobiography, which also suggests a German-British-Japanese military alliance against the United States.

Imports of raw cotton landed at the Manchester docks during the cotton season that ended in July set a new high record, just short of a million bales. American growers expect to sell less cotton abroad than they did last year, despite the high world consumption.

The Manchester imports amounted to 961,879 bales, which easily eclipsed the previous record of 890,946 bales, established in the 1919-20 season.

## Great Britain

**End of coal strike threat is help to business. Bank clearings set new high.**

LONDON (Cable)—Cancellation of the threatened coal strike in South Wales reassured business this week, as it was feared that a big strike in a well-organized industry would spread to other industries, much as the recent French strikes spread.

The end of the strike threat helped iron, coal, and steel shares and those of the Great Western Railway, which serves the coal areas.

A drop of 66,000 in unemployment was announced this week, making 500,000 back at work since last year.

Oil shares are still a feature in the market. But the main turnover is in home industrial shares, because of armament orders. The international outlook still checks buoyancy.

August bank clearings set a new record of £2,245,889,000 sterling.

Commercial advances by banks down by £8,000,000. This is regarded as seasonal, but it emphasizes the difficulty in using money.

The worst British summer with memory ended with marvelous bursts of sunshine towards the end of August. This was too late to help those retailers who have found their usual summer line practically unsalable, and too late to save the season for the resorts. But it did occasion a new flareup of spending, which should help the trading figures to be issued next month.

## France

**Price of bread rises; France answers Hitler with arms pact and tightens Polish pact.**

PARIS (Wireless)—With the wheat price fixed at \$2.54 a bu., bread is now 30% above the 1935 price. General business conditions are unchanged. The shortage of Spanish pyrites is hampering the chemical industries.

Made desperate by Hitler's huge increase in his army, France has decided on a four billion franc armament program pending an appeal to other nations to stop the armament race. The money will chiefly be used for aviation and for heavily armed rapid tank divisions.

The Franco-Polish alliance has been firmly tightened. The Bank of France will extend discount credit to the Polish National Bank; the French government will guarantee the payments for Polish armaments being manufactured here; and the French banks will assist in the sale of bonds for the second half of the financing of the Kattowice-Gdynia Railroad construction.

The object of this railroad is to give Poland access to the sea. Its importance is as much military as commercial. When finished, it will free Poland from dependence



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ence on the German railroad that runs to the free city of Danzig, now almost wholly controlled by the Nazis.

The new railroad was for some time financed by France, but after Poland drew nearer to Germany, the French withdrew their support. Now Poland is hard up and unable to get help from Germany, whose finances are in an extremely grave condition. So Poland draws near to France again, and the old financing arrangements are renewed.

## Germany

**Nazi convention worries business. Raw materials short; sausage manufacture stopped.**

BERLIN (Cable)—German business this week nervously watched the annual convention at Nuremberg of the National Socialist German Labor Party. The emphasis given to Bolshevism as a world menace simply meant that the Nazis are trying to line up foreign allies for the attack on Russia which they have long been planning.

The Franco-Polish rapprochement and the French loan for Polish rearmament are viewed gloomily here.

Significantly, while the Franco-Polish military negotiations will probably be followed by a new Franco-Polish trade agreement, Polish exports to Germany were curtailed by 75% of normal in September, owing to the unsatisfactory workings of the trade and clearing agreements concluded a year ago.

### Sausage Is Verboten

The German government has forbidden the manufacture of all kinds of *wurst* (sausage) for three weeks as from Sept. 1. This is an ominous sign of the food shortage, growing worse with the approach of winter. It makes a greater impression on the consumer than all the rosy statistics on hog population, etc., drawn up by the food industry.

Last week the Continental Rubber Works at Hanover, Germany's largest manufacturer of tires and other rubber goods, had to close down for a day because all stocks of raw rubber were exhausted. The Reichsbank had to put 2,000,000 marks at the disposal of the company for immediate purchase of rubber in London. The incident, though never reported in the press, caused a sensation in industrial circles.

## Soviet Union

**Russia will help sustain platinum prices. Air route to United States held likely.**

MOSCOW (Cable)—Charles Englehardt, president of the American Platinum Co., this week discussed with Sergei Kolmanovsky, head of the Soviet Platinum Export Trust, the question of

world production of platinum and the maintenance of the world price. The Soviet Union is now the leading producer and exporter of platinum. Kolmanovsky promised cooperation in maintaining prices.

Levanovsky's flight to Moscow from the United States by way of Alaska gives Russians renewed confidence in the practicability of an air line over that route. They predict an even shorter route before long by way of the North Pole. Surveys are being made for an airdrome and a permanent station on Rudolf Island, which will be the northernmost Arctic station, only 200 miles from the Pole.

Further exploration of the Bureya region bordering Manchukuo has definitely established the existence of rich mineral resources, with coal deposits estimated at three billion tons. Russia contemplates establishing in this region one of its largest metallurgical bases, to make raw materials available for the metallurgical and chemical industries.

### Learn to Run Machinery

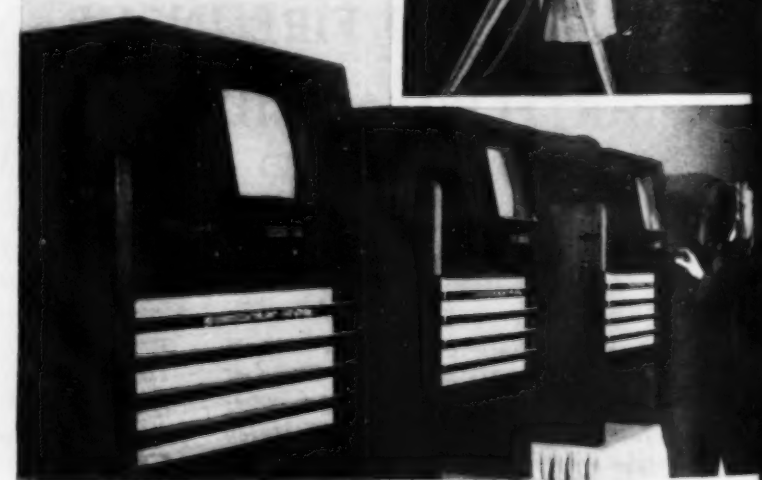
Russians are becoming machine-minded. More than half a million peasants were trained in special courses this year to operate tractors, combines, trucks, and other agricultural machinery. A quarter of a million were trained as veterinarians, and 68,000 in the operation of adding machines as bookkeepers for collective farms.

Among the Moscow recruits entering the army, there are 280 pilots, more than a thousand engineers, 10,500 machinists, 25,000 sharpshooters, hundreds of parachutists, and many wireless operators.

ADD TELEVISION—Still a long way off, as far as ordinary use goes, television is now close enough for demonstrations in several countries. The camera and complicated tower at right are part of the British station at Alexandra Palace, London; below are television receivers shown at the Berlin radio exhibition last month.

Europan

Globe



## Canada

**Government finances sell perpetual bonds for first time as part of \$100,000,000 issue mostly for refunding.**

OTTAWA (Business Week Bureau)—Canada is for the first time doing "sols" type of security—perpetual bonds. These form part of a \$100,000,000 issue put on the market this week. \$73,000,000 for refunding and the remainder for general purposes.

The bonds have no maturity date, callable any time after Sept. 15, 1938, carry 3% interest, and are offered at 96.50, yielding 3.11% to the call. They are issued in line with Finance Minister Dunning's plan of consolidating and simplifying the national debt structure. As soon as national finances permit, he intends to set up a sinking fund and provide for gradual amortization of the national debt.

The rest of the new issue is in the form of 1% treasury notes, offered at 98 to yield 1.40%. The financing is being done through the Bank of Canada, Chartered banks and bond companies.



...subscriptions. Further  
...refunding loans are expected  
...the year.  
...rates on federal government  
...are being raised 15%. A new  
...rates will be issued, based on a  
...mortality survey and an interest  
...exceeding 3 1/2%.  
...travel proportionately  
...as much in the United  
...and invest three and one-half  
...as much there, as Americans do  
...Canada. The Canadian investment,  
...of population, in the United  
...is \$115; the American invest-  
...Canada, \$33.  
...and radio store sales led the  
...increase for July over July of  
...in the Dominion Bureau of  
...official index. They gained  
...The general retail sales index  
...compared with 69.6 a year ago.  
...went from 73.3 to 83; de-  
...stores from 68.6 to 70.8.

## East

**Japan develops chemical and automobile industries. Manchukuo controls imports.**

...fresh conflicts with China and  
...and reports of impending  
...in Tokyo by Japanese militar-  
...Japan is straining all her energies  
...to realize her economy.

...one of her most important policies  
...strengthen her chemical industry,  
...now ranks fourth in world pro-  
...She is cutting down the im-  
...of products used by her aromatics  
...industry, and is substituting camphor  
...products oils as raw materials.

...Moreover, the long-planned Japanese  
...carbide union has at last been fully  
...It will limit the production  
...for the open market. The  
...for the year that began Sept. 1  
...the 80,000 metric tons.

...The carbide union is significant as a  
...forerunner of similar organiza-  
...in other branches of the chemical  
...industry, and perhaps for the industry  
...whole. The outcome in a few  
...may be a cartel, formed by several  
...companies; or it may be a single  
...standing producer, comparable to the  
...in the United States.

## Helps Auto Industry

...Japan is also trying to increase her  
...automobile production, with the help  
...the new Automobile Control Law,  
...which grants manufacturers a five-year  
...exemption from income taxes, as well  
...other privileges. Several companies  
...are to make light cars at a price to  
...compete with Ford and Chevrolet. Some  
...manufacturers of baby cars will produce  
...new models.

...Besides affirmatively helping the  
...domestic manufacturers, the new law  
...sets foreign cars subject to high



Universal Newsweek-Sothebyman

**TRUCE TO THIS**—Recent agreement between quarreling factions of North and South China put at least a temporary end to demonstrations of students who sympathized with the South Chinese demand for resistance to Japan. At Shanghai 1,500 students paraded in railroad yards, shouting anti-Japanese slogans and demanding war.

tariffs, and provides that foreign manu-  
facturers in Japan may continue operat-  
ing on the same scale as of Aug. 9,  
1935. Nevertheless Ford announces  
that it will build a new factory. Ford is  
also thinking of increasing its assemblies  
of Japanese cars.

Manchukuo has announced that it  
will completely control imports and ex-  
ports. Wheat, wheat flour, wool, and  
rice are the first articles listed under the  
new regulations.

Australia will try to find and develop  
oil resources, to make herself inde-  
pendent of foreign supplies in war.

## Latin America

**Standard of N. J. gets big Venezuela concession. General Mexican oil strike averted.**

AMERICAN oil interests are getting large  
concessions in the new eastern field of  
Venezuela. Socony-Vacuum obtained ex-  
ploration and exploitation rights in  
750,000 acres recently (*BW*—Sept. 36,  
p. 47), and this week it was announced  
that the Standard Oil Co. of Venezuela,  
a subsidiary of the Creole Petroleum  
Corp., which in turn is a subsidiary of the  
Standard Oil Co. of New Jersey, had ob-  
tained a concession of about a million  
acres.

Both Socony and Standard have agreed  
to build large refineries in Venezuela.

Standard now has three small refineries  
in Venezuela, with a combined daily ca-  
pacity of 9,000 bbl.; but most of the  
Standard crude-oil production in Vene-  
zuela has been transported to the island  
of Aruba for refining. The new plant

will have a minimum capacity of 15,000  
bbl. of crude a day. It will cost several  
million dollars and will be built with  
local labor.

A threatened strike of 40,000 to  
50,000 oil workers in Mexico, affecting  
nearly all the producing companies in  
the country, was averted this week when  
the British-owned Aguila (Eagle) Pe-  
troleum Co. ended the three-month strike  
of its 700 workers by agreeing to their  
wage demands a few hours before the  
time set for a sympathetic strike.

The Pullman Co. also settled a dispute  
with its employees, by granting demands  
for higher wages, paid vacations and  
weekly holidays, medical services, and  
sick leave with pay.

Despite labor difficulties, the Mexican  
oil industry is increasing its production.  
In the first six months it produced  
19,606,703 bbl. this year, compared with  
19,182,482 last year. Exports amounted  
to 13,214,526 bbl., against 11,143,836  
last year. Refining has also increased.

## Arms Sales to Argentina

Argentina bought war materials from  
the United States in August to the amount  
of \$165,514, which was only \$1,000 less  
than the purchases from Germany, our  
biggest arms customer last month.

Former Minister of Finance Alberto  
Hueyo has been in New York, discussing  
the possible refunding or partial retire-  
ment of the \$235,000,000 Argentine  
long-term debt outstanding in the United  
States.

Several fascist leaders in Brazil, plan-  
ning to overthrow the government, have  
been arrested. A bill has been introduced  
to outlaw the fascist organization.

# Money and the Markets

**Blue Skies is the theme song in the street, as business men point to solid prospects for continued recovery gains. Data from many sources indicate exceptionally strong outlook for fall.**

NEVER since 1929 have skies been so blue, business men and prognosticators so confident, or stock traders so cocky over the outlook. They are pointing to August's exceptional showing, to the forecasts for autumn business, to the modest but growing bulge in the public pocketbook, and to the will to spend.

So the men of the marketplace returned from their long Labor Day weekend and promptly pushed the industrial stock averages into new high ground since 1931, rails to the best prices since 1933. True, it wasn't a very rugged advance, and it attracted the inevitable profit-taking; and volume didn't set any records.

## Entirely Too Simple

It was just a bit too easy—to add up the business news. It takes diligent search to turn up anything that is not favorable. Many commentators are expressing some surprise at the dearth of negative factors—business and the markets alike are taking politics lightly while the drought hasn't blighted farm income and has just about been forgotten.

Symptomatic of the business improvement was the Bell System's August gain in connected phones. It totaled 68,000, the best ever recorded for that month. A year ago there was a gain of 27,200, while in both June and July this year the rise was about 28,000. The system has added 481,300 stations so far this year against 206,300 for the like 1935 period.

Trade diagnosticians watch these figures for what they tell about business activity and of the individual's ability to pay for a 'phone in his home. But American Telephone & Telegraph stockholders have an added interest—interest in the

stability of the \$9 dividend. Pacific Telephone & Telegraph has just raised its rate to \$8 a share annually from \$6. As the parent company derives its income from such payments, increases by the operating companies fatten the profit and loss account. And Western Electric, which after a five-year lapse came back into the dividend paying column with 50¢ a share three months ago, voted 75¢ this week.

Other business news has much the same flavor. Railroad carloadings are at the best level since the fall of 1931—New York Central's were the best since Oct. 6, 1931. August merchandising results show wide gains over a year ago, although most couldn't duplicate the July increase which caught the bulk of the bonus bulge. Typical are Woolworth with an August gain of 7.5% against 13.3% in July; Montgomery Ward with 20% against 26.3%.

The steel industry continued its good showing with August ingot output (that was the month when the summer slump was supposed to hit) of 4,195,130 tons against 3,922,731 in July. August was the best month since March, 1930, according to American Iron and Steel Institute figures. Moreover, operations con-

tinued at recent levels except for the Day interruption, and prices are firm.—U. S. Steel's subsidiary, Carnegie Steel Co., advanced several finished products and semi-finished steel \$2 a ton. Independents followed suit.

Alert to its responsibilities under the Securities Exchange Act of 1934, the board of governors of the Federal Reserve System has now added another series of statistics to the host of information which intoxicate the young and anxious to tear off a penny from the market. The new data cover bank margin accounts.

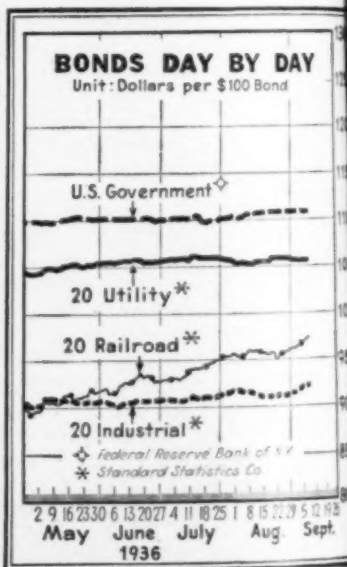
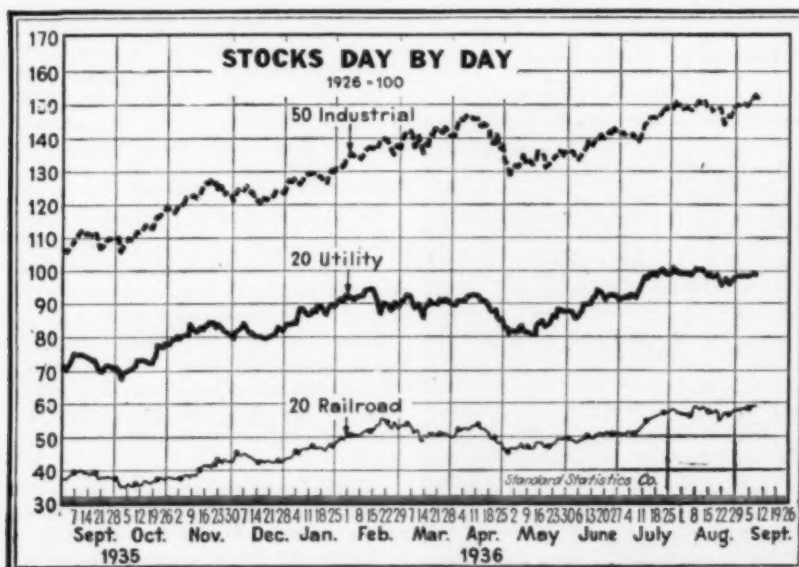
The board has gathered figures to show what the customer owes the broker; what the broker has borrowed; what the owners of brokerage firms owe themselves for their trading operations; what capital, profit and loss accounts of brokers total.

## Free Cash Scrutinized

The basic figure—"money borrowed"—does not differ materially from the brokers' loan data, hitherto provided by the Federal Reserve or the New York Stock Exchange. The chief suggestion is "free balances." This shows how much cash—over and above margin requirements—customers of the brokerage firms have available for additional stock purchases.

Obviously, the larger this fund the stronger will be the cushion for the market in case of collapse. The free balances presumably would be drawn on to increase holdings; likewise, these figures would indicate how vulnerable the stock would be in case of adverse news. It would be an index, perhaps, of support. The records go back to September, 1934, hardly far enough to afford a sound relationship to the stock trend.

The stock market bristled with skepticism this week over New York's fourth or fifth attempt to buy in the





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Underwood & Underwood

**INNER VISITS**—Paying another of his visits on the Treasury, Dr. Jacob Viner goes over the tax setup for Sec. Morgenthau. The University of Chicago professor passed some time in Washington a couple of years ago, then returned to teaching; now he is back in the capital to conduct a study of taxes.

and elevated properties of the Brooklyn-Manhattan Transit Corp. and Interborough Rapid Transit Co. Hearings opened before the State Transit Commission, but the transit stocks just couldn't make the grade in Wall St.

The \$436,000,000 deal, known high-spiritedly as "unification," has been "on again, off again" too often. Whenever speculators in the past tried to ride the transit stocks to a quick profit, they found themselves spilled and broke on a political sidetrack. But now, to listen to the so-called insiders, everything is all set.

Former Mayor Hylan, the fighting fishman, is not alive to rail against a gigantic steal by the traction interests. His former ally, Cornelius M. Sheehan, will raise a fuss, but his voice is neither as loud nor as articulate.

And the market doubts. Under the proposed plan, Manhattan modified stock would get \$42 a share in 4 1/2% second mortgage bonds of the prospectively organized Board of Transit Control, yet this week the shares were kicked about around 20; Interborough common is in the same fix, hopping up and down around 17, when the plan price is 35. Right through the "unification" group,

these discrepancies between market and purchase price exist. Explanation?

Well, the plan has not gone through yet; there will be plenty of haranguing; unification has had a long record of failure in New York City; the Transit Commission and the Board of Estimate must consider the program. Only the security holders seem prepared to sign on the dotted line. Then, there is this further consideration. The Board of Transit Control is a new body; a quasi-public unit; politics may obtrude at most unpleasant moments even if the scheme finally passes the commission and the Board of Estimate.

Thus, the question arises: What will Board of Control second mortgage bonds be worth in the bond market? The issue will be unseasoned; it will be subject to ups and downs of transit revenues. That's one side.

On the other, the argument is that the bonds, though a second mortgage, will be amply protected by indicated earnings of the proposed new system—2.40 times, the statisticians note. Also, the bonds will be legal for fiduciary funds and will be exempt from New York State taxes—possibly from federal taxes. But this last remains to be seen.

High spots in the commodity markets this week were cotton and copper. The government put the Sept. 1 cotton crop estimate at 11,121,000 bales against

12,481,000 bales on Aug. 1. That's what drought has done in the Southwest. The estimate was much lower than most of the private predictions and sent prices soaring \$3.50 a bale. In New York, Worth Street markets reported turnover of 15,000,000 yards of print cloth yarn fabrics (about two-thirds of a week's production) late Tuesday.

Copper prices abroad topped the American price of 9 1/4¢, inviting exports, but producers undertook to handle the situation as the big companies did in this country a fortnight ago. Production schedules will go up 5% on Oct. 1 in the effort to prevent higher prices which would endanger control of output.

## Poor Reserve Banks

**With government bonds up and expenses high, they can't earn their dividends.**

THE plight of the Federal Reserve Banks came out into the open this week. Here are the banking mainstays of the nation's financial structure—not covering their dividends. It's all because government bonds are bouncing to new highs and the income that the Reserve System gets from \$2,430,000,000 of U. S. obligations is a measly 1.45%.

Dividends are being paid only because



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it is hoped that eventually earnings will encompass payments. But the banks that own the stock in the system cannot rely too heavily on any immediate expansion. They themselves must become customers, before the system can make money.

Before the depression, Reserve banks realized substantial income from rediscounting the commercial paper of their members. Since that time, commercial borrowings have declined; and even if they were to increase, the excess reserves of member banks, amounting to some \$1,900,000,000, would still be a barricade between the owners of the Reserve System and the system's profits.

In this instance, the stockholder's banking interest is opposed to his ownership interest. The less he borrows from his Reserve Bank, the fatter will be his income account.

For the first half of the year, the 12 Reserve Banks reported net income of \$3,278,000, which was \$4,000,000 less than first six months of last year. A drop of \$3,100,000 in income on U. S. securities accounts for the major part of the decline.

After dividends of \$3,921,000 were paid out, the system had a deficit of \$643,000. Because the results are so doleful, Joseph A. Broderick, one of the governors of the Reserve System, has

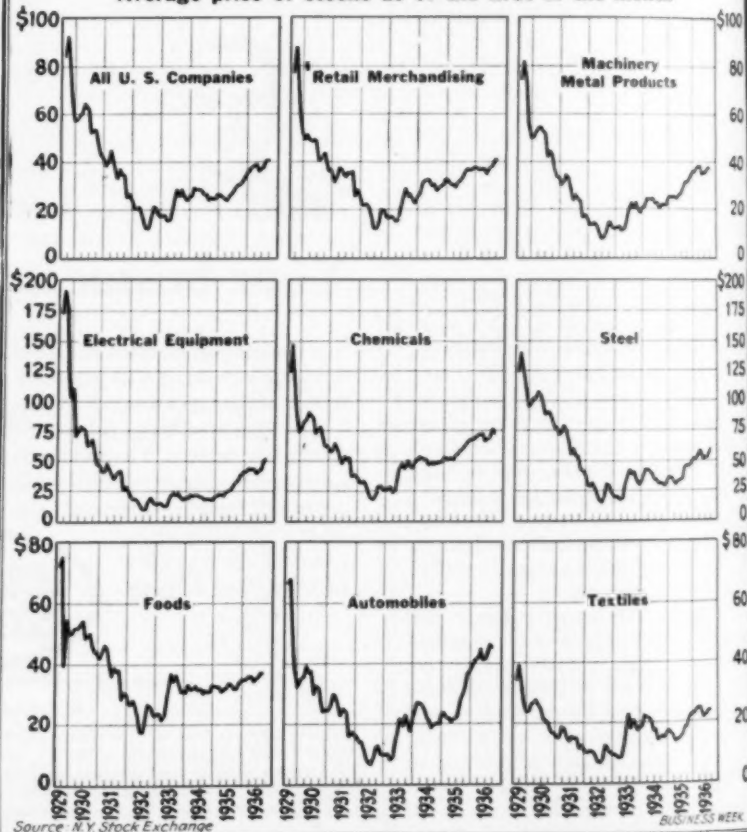
been touring the country to see if earnings can be improved. Since government bond interest is an effective check against a rise in income, the immediate expedient would be to cut operating costs.

Only two banks reported a profit on dividends in the first half: Dallas, with dividends of \$113,000 and income of \$153,000; Atlanta, with an \$81,000 margin over \$112,900 in dividends. For commercial banks, the Reserve institutions have been bogged down with "service" expenses. Clearing for member banks is particularly onerous. The postage expense is huge—\$1,170,000 out of total administration outlays of \$14,744,000.

Because of differences in government holdings, some of the Reserve institutions have had an advantage in earnings. This recently was altered when the system's U. S. securities were lumped together under the control of the open market committee of the Reserve Board. Hereafter, income from the bonds will be proportioned among the banks. This, however, will only tend to even out the deficits after dividends; it will not increase earnings. Before the stockholders can hope for dividend coverage, government interest rates or rediscounts for member banks will have to rise.

## STOCK TRENDS BY MAJOR GROUPS

Average price of stocks as of the first of the month



## Editorially Speaking—

UNIVERSITY of Rochester psychologists report that thinking begins before birth. In many people it stops then too.

And there you can find somebody with plenty of money who sticks to cigars, but for the most part the cost of a man's cigar is a fair reflection of his income. Times are getting better, and cigar sales are picking up, and the better brands are setting the pace. The 40-15-centers are 10.89% ahead of last year's sales, but those that cost 20¢ or more are 34.23% ahead.

Some smokers in the higher brackets are finicky. There's a friend of ours who laid off cigars entirely, between 1931 and 1934, because he couldn't find two-for-a-quarters and he wouldn't smoke anything cheaper. Now he's buying four times as much but still isn't satisfied. He says what this country needs is a good 50-cent cigar.

Another friend pays twice that price, and when his wife says he can't afford it he puts up a simple, sturdy defense. "Honeybun," he tells her, "a dollar is only a dollar, but a good cigar is a smoke."

It has been estimated that the weather bureau's forecasts are right 87% of the time. But 13% is a big and unlucky margin of error. People take the successes for granted but remember the blunders.

PROF. EDWARD KASNER of Columbia University applied a rare geometrical technique to the horn angle, in which two or more curved lines branch out of a common point, and discovered that the parts, when added up, amounted to more than the whole. Prof. Kasner would communicate the technique at once to bookkeepers, accountants, and company treasurers. It ought to provide a convenient flexibility.

"PAY DAY" is the name of an anti-Roosevelt booklet, and 1,300,000 copies of it are said to have been sold. Who do you suppose are the 1,300,000 buyers? Well, they don't exist. This is the quadrennial time of enormous circulations for political tracts. Joseph P. Kennedy has written "I'm For Roosevelt," and other books supporting or opposing Roosevelt or Landon keep running off presses—and into political headquarters. That's where the orders come from, many of them before publication.

Thousands of copies of a book will be distributed where they'll do the most good. A pamphlet may be bought by the hundred thousand and mailed out or handed in at every door. The buyers are few but the readers many. Even

more numerous, however, are the non-readers of a pamphlet they get free. You may pump water to a horse but you can't make him drink.

LAYMEN aren't sufficiently impressed by the marvelous improvements in dentistry. There are endless things to be learned every time the dentists have a convention. Returning from the last national convention, a delegate submitted his expense account to the county dental association. "What feature of the convention impressed you most?" asked the chairman of the financial committee. "Mr. Chairman and gentlemen of the committee," replied the delegate, "I learned, much to my amazement, that for the past 15 years I have been using too much bitters and not enough rye in my Manhattans."

You can't stop progress. The latest thing is the broadcasting of the boom of the big guns at the battles in Spain. And so some time in the next few years you may be sitting comfortably at the radio, a highball in your hand, while you listen to the cannon overseas, and wonder whether the last shell ripped the legs off your son or younger brother, or killed your nephew, or condemned your grandson to spend the rest of his life in one of those hidden hospitals for men with mutilated faces.

ONE way to make a living is to assure people you are an authority on economics, and try to get them to accept your advice. Another way is to call yourself an astrologer and say, as an "astro-economist" said at the astrologers' convention in Chicago: "Inflation is a specific danger in 1941. In the meantime, consumer demand, replacements, and the credit expansion base already formed constitute the basis for business expansion in 1937 and 1938."

You don't need any better line than that to get by as an astrologer. For the near future, stick to commonplaces. Save your bold predictions for the long term. And as your money rolls in, consult a good investment counselor on how to increase it.

GARY COOPER plays a brave young American, O'Hara, in "The General Died at Dawn." Another character in the movie is an English reporter, and O'Hara has no use for him. "You can buy him for a bag of salt," says O'Hara. The rôle of the despised English reporter is played by the American novelist, John O'Hara.

HAPPY days are here again. At the opening night of Guthrie McClintic's production of "Hamlet," the best seats will sell at \$6.60.

## Wanted

### a Sales Executive

An old established company, the largest in its industry, needs an executive officer to take charge of sales work.

This man should know something about lumber, about construction work and building materials. He must be an executive who can build a sales organization—who can sell—and who has shown that he can manage men. Probably he should be a Protestant, with very moderate habits, a family man, a gentleman—like the others in this company. A college graduate, of course, about 38 or 40 years of age, and not afraid of traveling. And he must have proved before this that he is worth a good five-figure salary.

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SEPTEMBER 12, 1936

## Ripe for Investment

Bank deposits have increased so steadily and heavily that they are now nearly as large as they were in 1929. An enormous amount of idle funds has accumulated. But they are not likely to remain idle much longer, and in fact have already begun to flow into investment channels, because of the growing confidence in the business future.

The time for extreme caution is over, and the desire to get a return will force depositors to invest their money, instead of leaving it in the banks, which no longer pay interest on demand deposits.

The constant increase in the balances of large depositors, especially financial institutions and individual investors, has been demonstrated by a survey recently made under the supervision of the Federal Reserve Board. Nearly 9,200 demand accounts in 98 large member banks in 37 cities were examined to ascertain their balances on Oct. 25, 1933, and Nov. 1, 1935. In 88 of the banks, all accounts of more than \$100,000 on either date were examined; in eight larger banks, all accounts of more than \$250,000; and in the two largest banks, all accounts above \$500,000.

These 9,200 depositors had balances on Nov. 1, 1935, of about five and a quarter billion dollars—nearly half the total deposits in the banks. In two years, the balances in these 9,200 accounts had increased about 50%.

What is particularly significant is the ratio of increase in the financial deposits of individuals and of insurance companies and other financial companies, excluding banks, but including deposits by the trust departments of the reporting banks. "These deposits," says the board, "represent funds held almost entirely for the purpose of investment. They exclude business accounts, such as those of concerns and individuals engaged in the production, transportation, and selling of goods, or in public utilities or other service industries."

Of the total sum in the 9,200 large accounts on Nov. 1, 1935, the financial deposits amounted to slightly more than one-third. But their share of the increase in the two-year period was nearly one-half.

Earmarked as they are almost entirely for investment, it is clear that these financial deposits must soon be used for that purpose. They have been

kept idle because of the fear that to put them to work would be risky—that a sudden relapse would wipe out most of the recovery of the past year and a half. But this fear has been rapidly vanishing, and the improved financial condition of the government should help to dispel it entirely. Recovery is here. It is a demonstrated, an accomplished, and a continuing fact. Business is earning profits, and the desire to participate in them will impel bank depositors to invest an increasing share of their money.

This will raise the tide of recovery still higher; will make it easier for corporations to get financing for expansion purposes; will ensure the continuing cheapness of money, which is always a wholesome factor in a recovery period; and will give body to the securities market, since idle money, awaiting its chance for bargains, will rush in with buying orders whenever prices drop, and thus will tend to check the downswing.

## No Further Reason To Advertise Speed

The directors of the Automobile Manufacturers Association have decided to recommend that all mention of the top speeds of automobiles be eliminated from advertising. Every automobile manufacturer ought to abide by that recommendation with the utmost willingness. It is unlikely that many sales will be lost because speed is not boasted of; but it is certain that boasts of speed will intensify the agitation for such legislative remedies as automatic speed-controllers.

The manufacturers say that "present-day top speeds represent that extra margin of safe performance essential to normal operating speeds." Every car has that extra margin now, and every driver knows it. Hence he no longer need be told that a given car is fast enough to be safe in emergencies. Sales competition on a speed basis has

lost its former justification. From being an advantage it has become a danger to the industry, by making restrictive legislation more possible.

It is a wise industry that knows how to restrain itself for its own good, and a fortunate industry that can put its knowledge into practice. Sometimes, as in the case of the liquor industry, there is such a multitude of producers and of independent vendors that it is hard to bring about general cooperation.

The automobile industry is young, alert, mentally flexible, and far-sighted. It has always kept in touch with the public mind, and it is better able than most industries to devise a few common-sense rules of public policy and to apply them wisely and unremittingly.

## Possible to Balance Next Year's Budget

The cold figures of President Roosevelt's revised budget show that it is possible the budget will be balanced in the fiscal year 1938, which begins July 1, 1937.

Mr. Roosevelt expects revenues of \$5,666,000,000 during the present fiscal year. All the regular expenditures, plus those for AAA, CCC, and social security, are estimated at \$5,617,000,000. Thus there will be a surplus of \$49,000,000, if all the main relief expenditures are left out of account. Besides, there is \$580,000,000 of debt retirement money that can be diverted to other purposes. Add that to the \$49,000,000, and you have \$629,000,000 available for relief.

Suppose all the non-relief expenditures are the same in the next fiscal year, and that business remains as good. Then we can assume a \$5,666,000,000 revenue, plus an additional \$250,000,000 arising from the new taxes but not available in the present year. Add that \$250,000,000 to \$629,000,000, and you have \$879,000,000 that can be used for relief, without unbalancing the budget.

But business should be better next year; revenues should be up; there should be more employment and less need for relief. In that case budget-balancing should be fairly easy—provided President Roosevelt or President Landon does not yield to demands for more spending.

Published weekly by McGraw-Hill Publishing Company, Inc., 330 West 42nd St., New York. Tel. ME 4-1111. Price 20¢. Subscription: \$5.00 a year, \$10 for three years, U. S. A., possessions, and Canada. Other foreign, \$7.50. Cable Code, McGraw-Hill.

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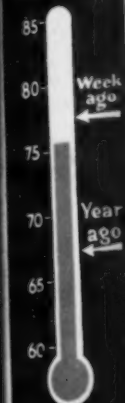
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